

Union Calendar No. 129

111TH CONGRESS
1ST SESSION

H. R. 3221

[Report No. 111-232]

To amend the Higher Education Act of 1965, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 2009

Mr. GEORGE MILLER of California (for himself, Mr. HINOJOSA, Mr. BISHOP of New York, Mr. PAYNE, Mr. HOLT, Mr. COURTNEY, Ms. HIRONO, Mr. ANDREWS, Mr. KILDEE, Ms. SHEA-PORTER, Mr. GRIJALVA, Mr. LOEBSACK, Ms. FUDGE, Mr. SCOTT of Virginia, Ms. ESHOO, Mr. TIERNEY, Mr. SABLAN, Mr. WU, Mr. KUCINICH, Mr. HARE, Mr. SESTAK, Ms. WOOLSEY, and Mrs. DAVIS of California) introduced the following bill; which was referred to the Committee on Education and Labor

JULY 27, 2009

Additional sponsors: Ms. CLARKE, Mr. PIERLUISI, Mr. BERMAN, Mr. BLUMENAUER, Ms. BORDALLO, Mr. TONKO, Mrs. MCCARTHY of New York, Ms. CASTOR of Florida, Mr. HONDA, Ms. CHU, Mr. HALL of New York, Mr. DINGELL, Mr. LEVIN, Mr. PASCRELL, Mr. WEXLER, Mr. ABERCROMBIE, Mr. SIRES, Mr. TOWNS, and Mr. SHERMAN

JULY 27, 2009

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on July 15, 2009]

A BILL

To amend the Higher Education Act of 1965, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Student Aid and Fiscal*
 5 *Responsibility Act of 2009”.*

6 **SEC. 2. TABLE OF CONTENTS.**

7 *The table of contents is as follows:*

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. References.

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

Sec. 101. Federal Pell Grants.

Sec. 102. College Access and Completion Innovation Fund.

Sec. 103. Investment in historically Black colleges and universities and other mi-
nority-serving institutions.

Sec. 104. Investment in cooperative education.

Sec. 105. Loan forgiveness for servicemembers activated for duty.

Sec. 106. Veterans Educational Equity Supplemental Grant Program.

Subtitle B—Student Financial Aid Form Simplification

Sec. 121. General effective date.

Sec. 122. Treatment of assets in need analysis.

Sec. 123. Changes to total income; aid eligibility.

TITLE II—STUDENT LOAN REFORM

Subtitle A—Stafford Loan Reform

Sec. 201. Federal Family Education Loan appropriations.

Sec. 202. Scope and duration of Federal loan insurance program.

Sec. 203. Applicable interest rates.

Sec. 204. Federal payments to reduce student interest costs.

Sec. 205. Federal PLUS Loans.

Sec. 206. Federal Consolidation Loan.

Sec. 207. Unsubsidized Stafford loans for middle-income borrowers.

Sec. 208. Loan repayment for civil legal assistance attorneys.

Sec. 209. Special allowances.

Sec. 210. Revised special allowance calculation.

Sec. 211. Origination of Direct Loans at institutions located outside the United
States.

Sec. 212. Agreements with institutions.

Sec. 213. Terms and conditions of loans.

Sec. 214. Contracts.

Sec. 215. Interest rates.

Subtitle B—Perkins Loan Reform

- Sec. 221. Federal Direct Perkins Loans terms and conditions.*
- Sec. 222. Authorization of appropriations.*
- Sec. 223. Allocation of funds.*
- Sec. 224. Federal Direct Perkins Loan allocation.*
- Sec. 225. Agreements with institutions of higher education.*
- Sec. 226. Student loan information by eligible institutions.*
- Sec. 227. Terms of loans.*
- Sec. 228. Distribution of assets from student loan funds.*
- Sec. 229. Implementation of non-title IV revenue requirement.*
- Sec. 230. Administrative expenses.*

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR

Subtitle A—Elementary and Secondary Education

- Sec. 301. Definitions.*

**CHAPTER 1—GRANTS FOR MODERNIZATION, RENOVATION, OR REPAIR OF
PUBLIC SCHOOL FACILITIES**

- Sec. 311. Purpose.*
- Sec. 312. Allocation of funds.*
- Sec. 313. Allowable uses of funds.*
- Sec. 314. Priority projects.*

**CHAPTER 2—SUPPLEMENTAL GRANTS FOR LOUISIANA, MISSISSIPPI, AND
ALABAMA**

- Sec. 321. Purpose.*
- Sec. 322. Allocation to local educational agencies.*
- Sec. 323. Allowable uses of funds.*

CHAPTER 3—GENERAL PROVISIONS

- Sec. 331. Impermissible uses of funds.*
- Sec. 332. Supplement, not supplant.*
- Sec. 333. Prohibition regarding State aid.*
- Sec. 334. Maintenance of effort.*
- Sec. 335. Special rule on contracting.*
- Sec. 336. Use of American iron, steel, and manufactured goods.*
- Sec. 337. Labor standards.*
- Sec. 338. Charter schools.*
- Sec. 339. Green schools.*
- Sec. 340. Reporting.*
- Sec. 341. Special rules.*
- Sec. 342. Promotion of employment experiences.*
- Sec. 343. Advisory Council on Green, High-Performing Public School Facilities.*
- Sec. 344. Education regarding projects.*
- Sec. 345. Availability of funds.*

Subtitle B—Higher Education

- Sec. 351. Federal assistance for community college modernization and construction.*

TITLE IV—EARLY LEARNING CHALLENGE FUND

Sec. 401. Purpose.
Sec. 402. Programs authorized.
Sec. 403. Quality pathways grants.
Sec. 404. Development grants.
Sec. 405. Research and evaluation.
Sec. 406. Reporting requirements.
Sec. 407. Construction.
Sec. 408. Definitions.
Sec. 409. Availability of funds.

TITLE V—AMERICAN GRADUATION INITIATIVE

Sec. 501. Authorization and appropriation.
Sec. 502. Definitions; grant priority.
Sec. 503. Grants to eligible entities for community college reform.
Sec. 504. Grants to eligible States for community college programs.
Sec. 505. National activities.

1 **SEC. 3. REFERENCES.**

2 *Except as otherwise expressly provided, whenever in*
 3 *this Act an amendment or repeal is expressed in terms of*
 4 *an amendment to, or repeal of, a section or other provision,*
 5 *the reference shall be considered to be made to a section or*
 6 *other provision of the Higher Education Act of 1965 (20*
 7 *U.S.C. 1001 et seq.).*

8 **TITLE I—INVESTING IN**
 9 **STUDENTS AND FAMILIES**
 10 **Subtitle A—Increasing College**
 11 **Access and Completion**

12 **SEC. 101. FEDERAL PELL GRANTS.**

13 (a) *AMOUNT OF GRANTS.*—Section 401(b) (20 U.S.C.

14 *1070a(b)) is amended—*

15 (1) *by amending paragraph (2)(A) to read as*
 16 *follows:*

1 “(A) *The amount of the Federal Pell Grant*
 2 *for a student eligible under this part shall be—*

3 “(i) *the maximum Federal Pell Grant,*
 4 *as specified in the last enacted appropria-*
 5 *tion Act applicable to that award year, plus*

6 “(ii) *the amount of the increase cal-*
 7 *culated under paragraph (8)(B) for that*
 8 *year, less*

9 “(iii) *an amount equal to the amount*
 10 *determined to be the expected family con-*
 11 *tribution with respect to that student for*
 12 *that year.”; and*

13 (2) *by amending paragraph (8), as amended by*
 14 *the Higher Education Opportunity Act (Public Law*
 15 *110–315), to read as follows:*

16 “(8) *ADDITIONAL FUNDS.—*

17 “(A) *IN GENERAL.—There are authorized to*
 18 *be appropriated, and there are appropriated, to*
 19 *carry out subparagraph (B) of this paragraph*
 20 *(in addition to any other amounts appropriated*
 21 *to carry out this section and out of any money*
 22 *in the Treasury not otherwise appropriated) the*
 23 *following amounts—*

24 “(i) *\$2,030,000,000 for fiscal year*
 25 *2008;*

1 “(ii) \$2,733,000,000 for fiscal year
2 2009; and

3 “(iii) such sums as may be necessary
4 for fiscal year 2010 and each subsequent fis-
5 cal year to provide the amount of increase
6 of the maximum Federal Pell Grant re-
7 quired by clauses (ii) and (iii) of subpara-
8 graph (B).

9 “(B) INCREASE IN FEDERAL PELL
10 GRANTS.—The amounts made available pursuant
11 to subparagraph (A) shall be used to increase the
12 amount of the maximum Federal Pell Grant for
13 which a student shall be eligible during an
14 award year, as specified in the last enacted ap-
15 propriation Act applicable to that award year,
16 by—

17 “(i) \$490 for each of the award years
18 2008–2009 and 2009–2010;

19 “(ii) \$690 for the award year 2010–
20 2011; and

21 “(iii) the amount determined under
22 subparagraph (C) for each succeeding
23 award year.

24 “(C) INFLATION-ADJUSTED AMOUNTS.—

1 “(i) *AWARD YEAR 2011–2012.*—*For*
 2 *award year 2011–2012, the amount deter-*
 3 *mined under this subparagraph for pur-*
 4 *poses of subparagraph (B)(iii) shall be*
 5 *equal to—*

6 “(I) *\$5,550 or the total maximum*
 7 *Federal Pell Grant for the preceding*
 8 *award year (as determined under*
 9 *clause (iv)(II)), whichever is greater,*
 10 *increased by a percentage equal to the*
 11 *annual adjustment percentage for*
 12 *award year 2011–2012; reduced by*

13 “(II) *\$4,860 or the maximum*
 14 *Federal Pell Grant for which a student*
 15 *was eligible for the preceding award*
 16 *year, as specified in the last enacted*
 17 *appropriation Act applicable to that*
 18 *year, whichever is greater; and*

19 “(III) *rounded to the nearest \$5.*

20 “(ii) *SUBSEQUENT AWARD YEARS.*—
 21 *For award year 2012–2013 and each of the*
 22 *subsequent award years, the amount deter-*
 23 *mined under this subparagraph for pur-*
 24 *poses of subparagraph (B)(iii) shall be*
 25 *equal to—*

1 “(I) the total maximum Federal
2 Pell Grant for the preceding award
3 year (as determined under clause
4 (iv)(II)), increased by a percentage
5 equal to the annual adjustment per-
6 centage for the award year for which
7 the amount under this subparagraph is
8 being determined; reduced by

9 “(II) \$4,860 or the maximum
10 Federal Pell Grant for which a student
11 was eligible for the preceding award
12 year, as specified in the last enacted
13 appropriation Act applicable to that
14 year, whichever is greater; and

15 “(III) rounded to the nearest \$5.

16 “(iii) *LIMITATION ON DECREASES.*—
17 Notwithstanding clauses (i) and (ii), if the
18 amount determined under clause (i) or (ii)
19 for an award year is less than the amount
20 determined under this paragraph for the
21 preceding award year, the amount deter-
22 mined under such clause for such award
23 year shall be the amount determined under
24 this paragraph for the preceding award
25 year.

1 “(iv) *DEFINITIONS.*—*For purposes of*
2 *this subparagraph—*

3 “(I) *the term ‘annual adjustment*
4 *percentage’ as it applies to an award*
5 *year is equal to the sum of—*

6 “(aa) *the estimated percent-*
7 *age change in the Consumer Price*
8 *Index (as determined by the Sec-*
9 *retary, using the definition in sec-*
10 *tion 478(f)) for the most recent*
11 *calendar year ending prior to the*
12 *beginning of that award year; and*

13 “(bb) *one percentage point;*
14 *and*

15 “(II) *the term ‘total maximum*
16 *Federal Pell Grant’ as it applies to a*
17 *preceding award year is equal to the*
18 *sum of—*

19 “(aa) *the maximum Federal*
20 *Pell Grant for which a student is*
21 *eligible during an award year, as*
22 *specified in the last enacted ap-*
23 *propriation Act applicable to that*
24 *preceding award year; and*

1 “(bb) the amount of the in-
2 crease in the maximum Federal
3 Pell Grant required by this para-
4 graph for that preceding award
5 year.

6 “(D) PROGRAM REQUIREMENTS AND OPER-
7 ATIONS OTHERWISE UNAFFECTED.—Except as
8 provided in subparagraphs (B) and (C), nothing
9 in this paragraph shall be construed to alter the
10 requirements and operations of the Federal Pell
11 Grant Program as authorized under this section,
12 or to authorize the imposition of additional re-
13 quirements or operations for the determination
14 and allocation of Federal Pell Grants under this
15 section.

16 “(E) AVAILABILITY OF FUNDS.—The
17 amounts made available by subparagraph (A)
18 for any fiscal year shall be available beginning
19 on October 1 of that fiscal year, and shall re-
20 main available through September 30 of the suc-
21 ceeding fiscal year.”.

22 (b) CONFORMING AMENDMENTS.—Title IV (20 U.S.C.
23 1070 et seq.) is further amended—

24 (1) in section 401(b)(6), as amended by the
25 Higher Education Opportunity Act (Public Law 110–

1 315), by striking “the grant level specified in the ap-
2 propriate Appropriation Act for this subpart for such
3 year” and inserting “the Federal Pell Grant amount,
4 determined under paragraph (2)(A), for which a stu-
5 dent is eligible during such award year”;

6 (2) in section 402D(d)(1), by striking “exceed the
7 maximum appropriated Pell Grant” and inserting
8 “exceed the Federal Pell Grant amount, determined
9 under section 401(b)(2)(A), for which a student is eli-
10 gible”;

11 (3) in section 435(a)(5)(A)(i)(I), by striking
12 “one-half the maximum Federal Pell Grant award for
13 which a student would be eligible” and inserting
14 “one-half the Federal Pell Grant amount, determined
15 under section 401(b)(2)(A), for which a student would
16 be eligible”;

17 (4) in section 483(e)(3)(ii), by striking “based on
18 the maximum Federal Pell Grant award at the time
19 of application” and inserting “based on the Federal
20 Pell Grant amount, determined under section
21 401(b)(2)(A), for which a student is eligible at the
22 time of application”;

23 (5) in section 485E(b)(1)(A), by striking “of
24 such students’ potential eligibility for a maximum
25 Federal Pell Grant under subpart 1 of part A” and

1 *inserting “of such students’ potential eligibility for*
 2 *the Federal Pell Grant amount, determined under sec-*
 3 *tion 401(b)(2)(A), for which the student would be eli-*
 4 *gible”;* and

5 (6) *in section 894(f)(2)(C)(ii)(I), by striking*
 6 *“the maximum Federal Pell Grant for each award*
 7 *year” and inserting “the Federal Pell Grant amount,*
 8 *determined under section 401(b)(2)(A), for which a*
 9 *student may be eligible for each award year”.*

10 (c) *EFFECTIVE DATE.—The amendments made by sub-*
 11 *sections (a) and (b) of this section shall take effect on July*
 12 *1, 2010.*

13 **SEC. 102. COLLEGE ACCESS AND COMPLETION INNOVATION**
 14 **FUND.**

15 (a) *HEADER.—Part E of title VII (20 U.S.C. 1141 et*
 16 *seq.) is amended by striking the header of such part and*
 17 *inserting the following:*

18 **“PART E—COLLEGE ACCESS AND COMPLETION**
 19 **INNOVATION FUND”.**

20 (b) *PURPOSE.—Part E of title VII (20 U.S.C. 1141*
 21 *et seq.) is further amended by inserting before section 781*
 22 *the following:*

23 **“SEC. 780. PURPOSES.**

24 *“The purposes of this part are—*

1 “(1) to promote innovation in postsecondary
 2 education practices and policies by institutions of
 3 higher education, States, and nonprofit organizations
 4 to improve student success, completion, and post-com-
 5 pletion employment, particularly for students from
 6 groups that are underrepresented in postsecondary
 7 education; and

8 “(2) to assist States in developing longitudinal
 9 data systems, common metrics, and reporting systems
 10 to enhance the quality and availability of informa-
 11 tion about student success, completion, and post-com-
 12 pletion employment.”.

13 (c) *AUTHORIZATION AND APPROPRIATION.*—Section
 14 781(a) (20 U.S.C. 1141(a)) is amended to read as follows:

15 “(a) *AUTHORIZATION AND APPROPRIATION.*—

16 “(1) *IN GENERAL.*—There are authorized to be
 17 appropriated, and there are appropriated, to carry
 18 out this part (in addition to any other amounts ap-
 19 propriated to carry out this part and out of any
 20 money in the Treasury not otherwise appropriated),
 21 \$600,000,000 for each of the fiscal years 2010 through
 22 2014.

23 “(2) *ALLOCATIONS.*—Of the amount appro-
 24 priated for any fiscal year under paragraph (1)—

1 “(A) 25 percent shall be made available to
2 carry out section 781;

3 “(B) 50 percent shall be made available to
4 carry out section 782;

5 “(C) 23 percent shall be made available to
6 carry out section 783; and

7 “(D) 2 percent shall be made available to
8 carry out section 784.”.

9 (d) *STATE GRANTS AND GRANTS TO ELIGIBLE ENTI-*
10 *TIES.—Part E of title VII (20 U.S.C. 1141 et seq.) is fur-*
11 *ther amended by adding at the end the following:*

12 **“SEC. 782. STATE INNOVATION COMPLETION GRANTS.**

13 “(a) *PROGRAM AUTHORIZATION.—From the amount*
14 *appropriated under section 781(a)(2)(B) to carry out this*
15 *section, the Secretary shall award grants to States on a*
16 *competitive basis to promote student persistence in, and*
17 *completion of, postsecondary education.*

18 “(b) *FEDERAL SHARE; NON-FEDERAL SHARE.—*

19 “(1) *FEDERAL SHARE.—The amount of the Fed-*
20 *eral share under this section for a fiscal year shall be*
21 *equal to $\frac{2}{3}$ of the costs of the activities and services*
22 *described in subsection (d)(1) that are carried out*
23 *under the grant.*

24 “(2) *NON-FEDERAL SHARE.—The amount of the*
25 *non-Federal share under this section shall be equal to*

1 *1/3 of the costs of the activities and services described*
 2 *in subsection (d)(1). The non-Federal share may be in*
 3 *cash or in kind, and may be provided from State re-*
 4 *sources, contributions from private organizations, or*
 5 *both.*

6 “(3) *SUPPLEMENT, NOT SUPPLANT.—The Federal*
 7 *and non-Federal shares required by this paragraph*
 8 *shall be used to supplement, and not supplant, State*
 9 *and private resources that would otherwise be ex-*
 10 *pende**d to carry out activities and services to promote*
 11 *student persistence in and completion of postsec-*
 12 *ondary education.*

13 “(c) *APPLICATION AND SELECTION.—*

14 “(1) *APPLICATION REQUIREMENTS.—For each*
 15 *fiscal year for which a State desires to receive a grant*
 16 *under this section, the State agency with jurisdiction*
 17 *over higher education, or another agency designated*
 18 *by the Governor or chief executive of the State to ad-*
 19 *minister the grant program under this section, shall*
 20 *submit an application to the Secretary at such time,*
 21 *in such manner, and containing such information as*
 22 *the Secretary may require. Such application shall in-*
 23 *clude—*

24 “(A) *a description of the State’s capacity to*
 25 *administer the grant under this section;*

1 “(B) a description of the State’s plans for
2 using the grant funds for activities described in
3 subsection (d)(1), including plans for how the
4 State will make special efforts to provide benefits
5 to students in the State who are from groups
6 that are underrepresented in postsecondary edu-
7 cation;

8 “(C) a description of how the State will
9 provide for the non-Federal share from State re-
10 sources, private contributions, or both;

11 “(D) a description of—

12 “(i) the administrative system that the
13 State has in place to administer the activi-
14 ties and services described in subsection
15 (d)(1); or

16 “(ii) the plan to develop such adminis-
17 trative system;

18 “(E) a description of the data system the
19 State has or will have in place to measure the
20 performance and progress toward the State’s
21 goals included in the Access and Completion
22 Plan submitted, or that will be submitted, under
23 paragraph (2)(A); and

24 “(F) the assurances under paragraph (2).

1 “(2) *STATE ASSURANCES.*—*The assurances re-*
2 *quired in paragraph (1)(F) shall include an assur-*
3 *ance of each of the following:*

4 “(A) *That the State will submit, not later*
5 *than July 1, 2011, an Access and Completion*
6 *Plan to increase the State’s rate of persistence in*
7 *and completion of postsecondary education. Such*
8 *plan shall include—*

9 “(i) *the State’s annual and long-term*
10 *quantifiable goals with respect to—*

11 “(I) *the rates of postsecondary en-*
12 *rollment, persistence, and completion,*
13 *disaggregated by income, race, eth-*
14 *nicity, sex, disability, and age of stu-*
15 *dents;*

16 “(II) *closing gaps in enrollment,*
17 *persistence, and completion rates for*
18 *students from groups that are under-*
19 *represented in postsecondary edu-*
20 *cation;*

21 “(III) *targeting education and*
22 *training programs to address labor*
23 *market needs in the State, as such*
24 *needs are determined by the State, or*
25 *the State in coordination with the*

1 *State public employment service, the*
2 *State workforce investment board, or*
3 *industry or sector partnerships in the*
4 *State; and*

5 *“(IV) improving coordination be-*
6 *tween two-year and four-year institu-*
7 *tions of higher education in the State,*
8 *including supporting comprehensive*
9 *articulation agreements between such*
10 *institutions; and*

11 *“(ii) the State’s plan to develop an*
12 *interoperable statewide longitudinal data*
13 *system that—*

14 *“(I) can be linked to other data*
15 *systems, as applicable, including ele-*
16 *mentary and secondary education and*
17 *workforce data systems;*

18 *“(II) will collect, maintain,*
19 *disaggregate (by institution, income,*
20 *race, ethnicity, sex, disability, and age*
21 *of students), and analyze postsec-*
22 *ondary education and workforce infor-*
23 *mation, including—*

1 “(aa) postsecondary edu-
2 cation enrollment, persistence,
3 and completion information;

4 “(bb) post-completion em-
5 ployment outcomes of students
6 who enrolled in postsecondary
7 programs and training programs
8 offered by eligible training pro-
9 viders under the Workforce Invest-
10 ment Act of 1998 (29 U.S.C. 2801
11 et seq.);

12 “(cc) postsecondary edu-
13 cation and employment outcomes
14 of students who move out of the
15 State; and

16 “(dd) postsecondary instruc-
17 tional workforce information; and

18 “(III) makes the information de-
19 scribed in subclause (I) available to the
20 general public in a manner that is
21 transparent and user-friendly.

22 “(B) That the State has a comprehensive
23 planning or policy formulation process with re-
24 spect to increasing postsecondary enrollment,
25 persistence, and completion that—

1 “(i) encourages coordination between
2 the State administration of grants under
3 this section and similar State programs;

4 “(ii) encourages State policies that are
5 designed to improve rates of enrollment and
6 persistence in, and completion of, postsec-
7 ondary education for all categories of insti-
8 tutions of higher education described in sec-
9 tion 132(d) in the State;

10 “(iii) considers the postsecondary edu-
11 cation needs of students from groups that
12 are underrepresented in postsecondary edu-
13 cation;

14 “(iv) considers the resources of public
15 and private institutions of higher education,
16 organizations, and agencies within the
17 State that are capable of providing access to
18 postsecondary education opportunities with-
19 in the State; and

20 “(v) provides for direct, equitable, and
21 active participation in the comprehensive
22 planning or policy formulation process or
23 processes, through membership on State
24 planning commissions, State advisory coun-
25 cils, or other State entities established by

1 *the State and consistent with State law, by*
2 *representatives of—*

3 “(I) *institutions of higher edu-*
4 *cation, including at least one member*
5 *from a junior or community college (as*
6 *defined in section 312(f));*

7 “(II) *students;*

8 “(III) *other providers of postsec-*
9 *ondary education services (including*
10 *organizations providing access to such*
11 *services);*

12 “(IV) *the general public in the*
13 *State; and*

14 “(V) *postsecondary education fac-*
15 *ulty members, including at least one*
16 *faculty member whose primary respon-*
17 *sibilities are teaching and scholarship.*

18 “(C) *That the State will incorporate poli-*
19 *cies and practices that, through the activities*
20 *funded under this section, are determined to be*
21 *effective in improving rates of postsecondary*
22 *education enrollment, persistence, and comple-*
23 *tion into the future postsecondary education*
24 *policies and practices of the State to ensure that*
25 *the benefits achieved through the activities fund-*

1 *ed under this section continue beyond the period*
 2 *of the grant.*

3 “(D) *That the State will participate in the*
 4 *evaluation required under section 784.*

5 “(3) *SUBGRANTS TO NONPROFIT ORGANIZA-*
 6 *TIONS.—A State receiving a payment under this sec-*
 7 *tion may elect to make a subgrant to one or more*
 8 *nonprofit organizations in the State, including agen-*
 9 *cies with agreements with the Secretary under sub-*
 10 *sections (b) and (c) of section 428 on the date of the*
 11 *enactment of the Student Aid and Fiscal Responsi-*
 12 *bility Act of 2009, or a partnership of such organiza-*
 13 *tions, to carry out activities and services described in*
 14 *subsection (d)(1), if the nonprofit organization or*
 15 *partnership—*

16 “(A) *was in existence on the day before the*
 17 *date of the enactment of the Student Aid and*
 18 *Fiscal Responsibility Act of 2009; and*

19 “(B) *as of such day, was participating in*
 20 *activities and services related to promoting per-*
 21 *sistence in, and completion of, postsecondary*
 22 *education, such as the activities and services de-*
 23 *scribed in subsection (d)(1).*

24 “(4) *PRIORITY.—In awarding grants under this*
 25 *section, the Secretary shall give priority to States*

1 *that enter into a partnership with one of the fol-*
 2 *lowing entities to carry out the activities and services*
 3 *described in subsection (d)(1):*

4 “(A) A philanthropic organization, as such
 5 term is defined in section 781(i)(1).

6 “(B) An agency with an agreement with the
 7 Secretary under subsections (b) and (c) of section
 8 428 on the date of the enactment of Student Aid
 9 and Fiscal Responsibility Act of 2009.

10 “(d) *USES OF FUNDS.*—

11 “(1) *AUTHORIZED USES.*—A State receiving a
 12 grant under this section shall use the grant funds
 13 to—

14 “(A) provide programs in such State that
 15 increase persistence in, and completion of, post-
 16 secondary education, which may include—

17 “(i) assisting institutions of higher
 18 education in providing financial literacy,
 19 education, and counseling to enrolled stu-
 20 dents;

21 “(ii) assisting students enrolled in an
 22 institution of higher education to reduce the
 23 amount of loan debt incurred by such stu-
 24 dents;

1 “(iii) providing grants to students de-
2 scribed in section 415A(a)(1), in accordance
3 with the terms of that section; and

4 “(iv) carrying out the activities de-
5 scribed in section 415E(a); and

6 “(B) support the development and imple-
7 mentation of a statewide longitudinal data sys-
8 tem, as described in subsection (c)(2)(A)(ii).

9 “(2) *PROHIBITED USES.*—Funds made available
10 under this section shall not be used to promote any
11 lender’s loans.

12 “(3) *RESTRICTIONS ON USE OF FUNDS.*—A
13 State—

14 “(A) shall use not less than $\frac{1}{3}$ of the sum
15 of the Federal and non-Federal share used for
16 paragraph (1)(A) on activities that benefit stu-
17 dents enrolled in junior or community colleges
18 (as defined in section 312(f)), two-year public
19 institutions, or two-year programs of instruction
20 at four-year public institutions;

21 “(B) may use not more than 10 percent of
22 the sum of the Federal and non-Federal share
23 under this section for activities described in
24 paragraph (1)(B); and

1 “(C) may use not more than 6 percent of
 2 the sum of the Federal and non-Federal share
 3 under this section for administrative purposes
 4 relating to the grant under this section.

5 “(e) *ANNUAL REPORT.*—Each State receiving a grant
 6 under this section shall submit to the Secretary an annual
 7 report on—

8 “(1) the activities and services described in sub-
 9 section (d)(1) that are carried out with such grant;

10 “(2) the effectiveness of such activities and serv-
 11 ices in increasing postsecondary persistence and com-
 12 pletion, as determined by measurable progress in
 13 achieving the State’s goals for persistence and comple-
 14 tion described in the Access and Completion Plan sub-
 15 mitted by the State under subsection (c)(2)(A), if such
 16 plan has been submitted; and

17 “(3) any other information or assessments the
 18 Secretary may require.

19 “(f) *DEFINITIONS.*—In this section:

20 “(1) *INDUSTRY OR SECTOR PARTNERSHIP.*—The
 21 term ‘industry or sector partnership’ means a work-
 22 force collaborative that organizes key stakeholders in
 23 a targeted industry cluster into a working group that
 24 focuses on the human capital needs of a targeted in-

1 *dustry cluster and that includes, at the appropriate*
 2 *stage of development of the partnership—*

3 *“(A) representatives of multiple firms or*
 4 *employers (including workers) in a targeted in-*
 5 *dustry cluster, including small- and medium-*
 6 *sized employers when practicable;*

7 *“(B) 1 or more representatives of State*
 8 *labor organizations, central labor coalitions, or*
 9 *other labor organizations;*

10 *“(C) 1 or more representatives of local*
 11 *workforce investment boards;*

12 *“(D) 1 or more representatives of postsec-*
 13 *ondary educational institutions or other training*
 14 *providers; and*

15 *“(E) 1 or more representatives of State*
 16 *workforce agencies or other entities providing*
 17 *employment services.*

18 *“(2) STATE PUBLIC EMPLOYMENT SERVICE.—The*
 19 *term ‘State public employment service’ has the mean-*
 20 *ing given such term in section 502(a)(9) of the Stu-*
 21 *dent Aid and Fiscal Responsibility Act of 2009.*

22 *“(3) STATE WORKFORCE INVESTMENT BOARD;*
 23 *LOCAL WORKFORCE INVESTMENT BOARD.—The terms*
 24 *‘State workforce investment board’ and ‘local work-*
 25 *force investment board’ have the meanings given such*

1 *terms in section 502(a)(10) of the Student Aid and*
 2 *Fiscal Responsibility Act of 2009.*

3 **“SEC. 783. INNOVATION IN COLLEGE ACCESS AND COMPLE-**
 4 **TION NATIONAL ACTIVITIES.**

5 “(a) *PROGRAMS AUTHORIZED.*—*From the amount ap-*
 6 *propriated under section 781(a)(2)(C) to carry out this sec-*
 7 *tion, the Secretary shall award grants, on a competitive*
 8 *basis, to eligible entities in accordance with this section to*
 9 *conduct innovative programs that advance knowledge*
 10 *about, and adoption of, policies and practices that increase*
 11 *the number of individuals with postsecondary degrees or*
 12 *certificates.*

13 “(b) *ELIGIBLE ENTITIES.*—*The Secretary is author-*
 14 *ized to award grants under subsection (a) to—*

15 “(1) *institutions of higher education;*

16 “(2) *States;*

17 “(3) *nonprofit organizations with demonstrated*
 18 *experience in the operation of programs to increase*
 19 *postsecondary completion;*

20 “(4) *philanthropic organizations (as such term*
 21 *is defined in section 781(i)(1));*

22 “(5) *entities receiving a grant under chapter 1*
 23 *of subpart 2 of part A of title IV; and*

24 “(6) *consortia of any of the entities described in*
 25 *paragraphs (1) through (5).*

1 “(c) *INNOVATION GRANTS.*—

2 “(1) *MINIMUM AWARD.*—*A grant awarded under*
3 *subsection (a) shall be not less than \$1,000,000.*

4 “(2) *GRANTS USES.*—*The Secretary’s authority*
5 *to award grants under subsection (a) includes—*

6 “(A) *the authority to award to an eligible*
7 *entity a grant in an amount equal to all or part*
8 *of the amount of funds received by such entity*
9 *from philanthropic organizations (as such term*
10 *is defined in section 781(i)(1)) to conduct inno-*
11 *vative programs that advance knowledge about,*
12 *and adoption of, policies and practices that in-*
13 *crease the number of individuals with postsec-*
14 *ondary degrees or certificates; and*

15 “(B) *the authority to award an eligible en-*
16 *tity a grant to develop 2-year programs that*
17 *provide supplemental grant or loan benefits to*
18 *students that—*

19 “(i) *are designed to improve student*
20 *outcomes, including degree completion,*
21 *graduation without student loan debt, and*
22 *post-completion employment;*

23 “(ii) *are in addition to the student fi-*
24 *nancial aid available under title IV of this*
25 *Act; and*

1 “(iii) do not result in the reduction of
2 the amount of that aid or any other student
3 financial aid for which a student is other-
4 wise eligible under Federal law.

5 “(3) APPLICATION.—To be eligible to receive a
6 grant under subsection (a), an eligible entity shall
7 submit an application at such time, in such manner,
8 and containing such information as the Secretary
9 shall require.

10 “(4) PRIORITIES.—In awarding grants under
11 subsection (a), the Secretary shall give priority to ap-
12 plications that—

13 “(A) are from an eligible entity with dem-
14 onstrated experience in serving students from
15 groups that are underrepresented in postsec-
16 ondary education, including institutions of high-
17 er education that are eligible for assistance
18 under title III or V, or are from a consortium
19 that includes an eligible entity with such experi-
20 ence;

21 “(B) are from an eligible entity that is a
22 public institution of higher education that does
23 not predominantly provide an educational pro-
24 gram for which it awards a bachelor’s degree (or

1 *an equivalent degree), or from a consortium that*
2 *includes at least one such institution;*

3 “(C) *include activities to increase degree or*
4 *certificate completion in the fields of science,*
5 *technology, engineering, and mathematics, in-*
6 *cluding preparation for, or entry into,*
7 *postbaccalaureate study, especially for women*
8 *and other groups of students who are underrep-*
9 *resented in such fields;*

10 “(D) *are from an eligible entity that is a*
11 *philanthropic organization with the primary*
12 *purpose of providing scholarships and support*
13 *services to students from groups that are under-*
14 *represented in postsecondary education, or are*
15 *from a consortium that includes such an organi-*
16 *zation; or*

17 “(E) *are from an eligible entity that en-*
18 *courages partnerships between institutions of*
19 *higher education with high degree-completion*
20 *rates and institutions of higher education with*
21 *low degree-completion rates from the same cat-*
22 *egory of institutions described in section 132(d)*
23 *to facilitate the sharing of information relating*
24 *to, and the implementation of, best practices for*
25 *increasing postsecondary completion.*

1 “(5) *TECHNICAL ASSISTANCE.*—*The Secretary*
 2 *may reserve up to \$5,000,000 per year to award*
 3 *grants and contracts to provide technical assistance to*
 4 *eligible entities receiving a grant under subsection*
 5 *(a), including technical assistance on the evaluation*
 6 *conducted in accordance with section 784 and estab-*
 7 *lishing networks of eligible entities receiving grants*
 8 *under such subsection.*

9 “(d) *REPORTS.*—

10 “(1) *ANNUAL REPORTS BY ENTITIES.*—*Each eli-*
 11 *gible entity receiving a grant under subsection (a)*
 12 *shall submit to the Secretary an annual report on—*

13 “(A) *the effectiveness of the program carried*
 14 *out with such grant in increasing postsecondary*
 15 *completion, as determined by measurable*
 16 *progress in achieving the goals of the program,*
 17 *as described in the application for such grant;*
 18 *and*

19 “(B) *any other information or assessments*
 20 *the Secretary may require.*

21 “(2) *ANNUAL REPORT TO CONGRESS.*—*The Sec-*
 22 *retary shall submit to the authorizing committees an*
 23 *annual report on grants awarded under subsection*
 24 *(a), including—*

1 “(A) the amount awarded to each eligible
2 entity receiving a grant under such subsection;
3 and

4 “(B) a description of the activities con-
5 ducted by each such eligible entity.

6 **“SEC. 784. EVALUATION.**

7 “From the amount appropriated under section
8 781(a)(2)(D), the Director of the Institute of Education
9 Sciences shall evaluate the programs funded under this
10 part. Not later than January 30, 2016, the Director shall
11 issue a final report on such evaluation to the authorizing
12 committees and the Secretary, and shall make such report
13 available to the public.

14 **“SEC. 785. VETERANS RESOURCE OFFICER GRANTS.**

15 “(a) *PROGRAM AUTHORIZED.*—The Secretary shall
16 award grants, on a competitive basis, to eligible institutions
17 of higher education to hire a Veterans Resource Officer to
18 increase the college completion rates for veterans enrolled
19 at such institutions.

20 “(b) *DEFINITIONS.*—In this section:

21 “(1) *ELIGIBLE INSTITUTION OF HIGHER EDU-*
22 *CATION.*—The term ‘eligible institution of higher edu-

23 cation’ means an institution of higher education that

24 has an enrollment of at least 100 full-time equivalent

25 students who are veterans.

1 “(2) *FULL-TIME EQUIVALENT STUDENTS.*—The
 2 term ‘full-time equivalent students’ has the meaning
 3 given such term in section 312(e).

4 “(3) *VETERAN.*—The term ‘veteran’ has the
 5 meaning give such term in section 480(c).

6 “(c) *APPLICATION.*—To be eligible to receive a grant
 7 under this section, an eligible institution of higher edu-
 8 cation shall submit an application at such time, in such
 9 manner, and containing such information as the Secretary
 10 shall require.

11 “(d) *USES OF FUNDS.*—

12 “(1) *IN GENERAL.*—An eligible institution of
 13 higher education receiving a grant under this section
 14 shall use such grant to hire 1 or 2 Veterans Resource
 15 Officers (in the case of an institution that has an en-
 16 rollment of at least 200 full-time equivalent students
 17 who are veterans) to serve in the office of campus pro-
 18 grams, or a similar office, at such institution and
 19 carry out the activities described in paragraph (2).

20 “(2) *ACTIVITIES.*—A Veterans Resource Officer
 21 shall carry out activities at an eligible institution of
 22 higher education to help increase the completion rates
 23 for veterans enrolled at such institution, which shall
 24 include the following activities:

1 “(A) *Serving as a link between student vet-*
2 *erans and the staff of the institution.*

3 “(B) *Serving as a link between student vet-*
4 *erans and local facilities of the Department of*
5 *Veterans Affairs.*

6 “(C) *Organizing and advising student vet-*
7 *erans organization.*

8 “(D) *Organizing veterans oriented group*
9 *functions and events.*

10 “(E) *Maintaining newsletters and listserves*
11 *to distribute news and information to all student*
12 *veterans.*

13 “(F) *Organizing new student veterans cam-*
14 *pus orientation.*

15 “(G) *Ensuring that the Department of Vet-*
16 *erans Affairs certifying official at such institu-*
17 *tion is properly trained.*

18 “(3) *PRIORITY.—To the extent practicable, each*
19 *institution described in paragraph (1) shall give pri-*
20 *ority to hiring a veteran to serve as a Veterans Re-*
21 *source Officer.*

22 “(e) *AUTHORIZATION OF APPROPRIATIONS.—There are*
23 *authorized to be appropriated to carry out this section such*
24 *sums as may be necessary for fiscal year 2010 and each*
25 *succeeding fiscal year.”.*

1 **SEC. 103. INVESTMENT IN HISTORICALLY BLACK COLLEGES**
 2 **AND UNIVERSITIES AND OTHER MINORITY-**
 3 **SERVING INSTITUTIONS.**

4 *Section 371 (20 U.S.C. 1067q) is amended—*

5 *(1) in subsection (a)—*

6 *(A) in paragraph (2), by striking “section*
 7 *502” and inserting “section 502(a);”*

8 *(B) in paragraph (3), by striking “section*
 9 *316” and inserting “section 316(b);”*

10 *(C) in paragraph (5), by striking “in sub-*
 11 *section (c)” and inserting “in section 318(b);”*

12 *(D) in paragraph (6), by striking “in sub-*
 13 *section (c)” and inserting “in section 320(b);”*
 14 *and*

15 *(E) in paragraph (7), by striking “in sub-*
 16 *section (c)” and inserting “in section 319(b);”*

17 *(2) in subsection (b)—*

18 *(A) in paragraph (1)(A), by striking*
 19 *“\$255,000,000” and all that follows and insert-*
 20 *ing “\$255,000,000 for each of the fiscal years*
 21 *2008 through 2019.”; and*

22 *(B) by amending paragraph (2)(B) to read*
 23 *as follows:*

24 *“(B) STEM AND ARTICULATION PRO-*
 25 *GRAMS.—From the amount made available for*

1 *allocation under this subparagraph by subpara-*
2 *graph (A)(i) for any fiscal year—*

3 *“(i) 90 percent shall be available for*
4 *Hispanic-serving institutions for activities*
5 *described in sections 503 and 513, with a*
6 *priority given to applications that pro-*
7 *pose—*

8 *“(I) to increase the number of*
9 *Hispanic and other low-income stu-*
10 *dents attaining degrees in the fields of*
11 *science, technology, engineering, or*
12 *mathematics; and*

13 *“(II) to develop model transfer*
14 *and articulation agreements between 2-*
15 *year Hispanic-serving institutions and*
16 *4-year institutions in such fields; and*

17 *“(ii) 10 percent shall be available for*
18 *grants under section 355.”;*

19 *(C) in paragraph (2)(C)(ii), by striking*
20 *“and shall be available for a competitive” and*
21 *all that follows and inserting “and shall be made*
22 *available as grants under section 318 and allot-*
23 *ted among such institutions under section 318(e),*
24 *treating such amount, plus the amount appro-*
25 *priated for such fiscal year in a regular or sup-*

1 *plemental appropriation Act to carry out section*
2 *318, as the amount appropriated to carry out*
3 *section 318 for purposes of allotments under sec-*
4 *tion 318(e)”; and*

5 *(D) in paragraph (2)(D)—*

6 *(i) in clause (iii), by striking “for ac-*
7 *tivities described in section 311(c)” and in-*
8 *serting “and shall be made available as*
9 *grants under section 320, treating such*
10 *\$5,000,000 as part of the amount appro-*
11 *priated for such fiscal year in a regular or*
12 *supplemental appropriation Act to carry*
13 *out such section and using such \$5,000,000*
14 *for purposes described in subsection (c) of*
15 *such section”; and*

16 *(ii) in clause (iv), by striking “de-*
17 *scribed in subsection (a)(7)—” and all that*
18 *follows and inserting “and shall be made*
19 *available as grants under section 319, treat-*
20 *ing such \$5,000,000 as part of the amount*
21 *appropriated for such fiscal year in a reg-*
22 *ular or supplemental appropriation Act to*
23 *carry out such section and using such*
24 *\$5,000,000 for purposes described in sub-*
25 *section (c) of such section”; and*

1 (3) *by striking subsection (c).*

2 **SEC. 104. INVESTMENT IN COOPERATIVE EDUCATION.**

3 *There are authorized to be appropriated, and there are*
 4 *appropriated, to carry out part N of title VIII of the Higher*
 5 *Education Act of 1965 (20 U.S.C. 1161n) (in addition to*
 6 *any other amounts appropriated to carry out such part and*
 7 *out of any money in the Treasury not otherwise appro-*
 8 *priated), \$10,000,000 for fiscal year 2010.*

9 **SEC. 105. LOAN FORGIVENESS FOR SERVICEMEMBERS ACTI-**
 10 **VATED FOR DUTY.**

11 (a) *IN GENERAL.*—Section 484B(b)(2) (20 U.S.C.
 12 1091b(b)(2)) *is amended by adding at the end the following:*

13 “(F) *TUITION RELIEF FOR STUDENTS*
 14 *CALLED TO MILITARY SERVICE.*—

15 “(i) *WAIVER OF REPAYMENT BY STU-*
 16 *DENTS CALLED TO MILITARY SERVICE.*—*In*
 17 *addition to the waivers authorized by sub-*
 18 *paragraphs (D) and (E), the Secretary shall*
 19 *waive the amounts that students are re-*
 20 *quired to return under this section if the*
 21 *withdrawals on which the returns are based*
 22 *are withdrawals necessitated by reason of*
 23 *service in the uniformed services.*

24 “(ii) *LOAN FORGIVENESS AUTHOR-*
 25 *IZED.*—*Whenever a student’s withdrawal*

1 *from an institution of higher education is*
2 *necessitated by reason of service in the uni-*
3 *formed services, the Secretary shall, with re-*
4 *spect to the payment period or period of en-*
5 *rollment for which such student did not re-*
6 *ceive academic credit as a result of such*
7 *withdrawal, carry out a program—*

8 *“(I) through the holder of the*
9 *loan, to assume the obligation to*
10 *repay—*

11 *“(aa) the outstanding prin-*
12 *cipal and accrued interest on any*
13 *loan assistance awarded to the*
14 *student under part B (including*
15 *to a parent on behalf of the stu-*
16 *dent under section 428B) for such*
17 *payment period or period of en-*
18 *rollment; minus*

19 *“(bb) any amount of such*
20 *loan assistance returned by the*
21 *institution in accordance with*
22 *paragraph (1) of this subsection*
23 *for such payment period or period*
24 *of enrollment; and*

25 *“(II) to cancel—*

1 “(aa) the outstanding prin-
2 cipal and accrued interest on the
3 loan assistance awarded to the
4 student under part D or E (in-
5 cluding a Federal Direct PLUS
6 loan awarded to a parent on be-
7 half of the student) for such pay-
8 ment period or period of enroll-
9 ment; minus

10 “(bb) any amount of such
11 loan assistance returned by the
12 institution in accordance with
13 paragraph (1) of this subsection
14 for such payment period or period
15 of enrollment.

16 “(iii) REIMBURSEMENT FOR CAN-
17 CELLATION OF PERKINS LOANS.—The Sec-
18 retary shall pay to each institution for each
19 fiscal year an amount equal to the aggre-
20 gate of the amounts of Federal Perkins
21 loans in such institutions’s student loan
22 fund which are cancelled pursuant to clause
23 (iii)(II) for such fiscal year, minus an
24 amount equal to the aggregate of the
25 amounts of any such loans so canceled

1 *which were made from Federal capital con-*
2 *tributions to its student loan fund provided*
3 *by the Secretary under section 468. None of*
4 *the funds appropriated pursuant to section*
5 *461(b) shall be available for payments pur-*
6 *suant to this paragraph. To the extent fea-*
7 *sible, the Secretary shall pay the amounts*
8 *for which any institution qualifies under*
9 *this paragraph not later than 3 months*
10 *after the institution files an institutional*
11 *application for campus-based funds.*

12 “(iv) *LOAN ELIGIBILITY AND LIMITS*
13 *FOR STUDENTS.—Any amounts that are re-*
14 *turned by an institution in accordance with*
15 *paragraph (1), or forgiven or waived by the*
16 *Secretary under this subparagraph, with re-*
17 *spect to a payment period or period of en-*
18 *rollment for which a student did not receive*
19 *academic credit as a result of withdrawal*
20 *necessitated by reason of service in the uni-*
21 *formed services, shall not be included in the*
22 *calculation of the student’s annual or aggre-*
23 *gate loan limits for assistance under this*
24 *title, or otherwise affect the student’s eligi-*
25 *bility for grants or loans under this title.*

1 “(v) *DEFINITION.*—*In this subpara-*
 2 *graph, the term ‘service in the uniformed*
 3 *services’ has the meaning given such term*
 4 *in section 484C(a).’.*”

5 (b) *EFFECTIVE DATE.*—

6 (1) *IN GENERAL.*—*The amendments made by*
 7 *this section shall take effect for periods of service in*
 8 *the uniformed services beginning after the date of the*
 9 *enactment of this Act.*

10 (2) *DEFINITION.*—*In this paragraph, the term*
 11 *“period of service in the uniformed services” means*
 12 *the period beginning 30 days prior to the date a stu-*
 13 *dent is required to report to service in the uniformed*
 14 *services (as defined in section 484C(a) of the Higher*
 15 *Education Act of 1965 (20 U.S.C. 1091c(a)) and end-*
 16 *ing when such student returns from such service.*

17 **SEC. 106. VETERANS EDUCATIONAL EQUITY SUPPLE-**
 18 **MENTAL GRANT PROGRAM.**

19 (a) *VETERANS EDUCATIONAL EQUITY SUPPLEMENTAL*
 20 *GRANT PROGRAM.*—*Subpart 1 of part A of title IV (20*
 21 *U.S.C. 1070a et seq.) is amended by adding at the end the*
 22 *following:*

1 **“SEC. 401B. VETERANS EDUCATIONAL EQUITY SUPPLE-**
2 **MENTAL GRANT PROGRAM.**

3 “(a) *VETERANS EDUCATIONAL EQUITY SUPPLE-*
4 *MENTAL GRANTS AUTHORIZED.*—*The Secretary shall*
5 *award a grant to each eligible student, in an amount deter-*
6 *mined in accordance with subsection (c), to assist such stu-*
7 *dent with paying the cost of tuition incurred by the student*
8 *for a program of education at an institution of higher edu-*
9 *cation.*

10 “(b) *DEFINITIONS.*—*In this section—*

11 “(1) *ELIGIBLE STUDENT.*—*The term ‘eligible*
12 *student’ means a student who—*

13 “(A) *is a covered individual, as such term*
14 *is defined in section 3311(b) of title 38, United*
15 *States Code;*

16 “(B) *is enrolled at an institution of higher*
17 *education that—*

18 “(i) *is not a public institution of high-*
19 *er education; and*

20 “(ii) *is located in a State with a zero,*
21 *or very low, maximum tuition charge per*
22 *credit hour compared to the maximum tui-*
23 *tion charge per credit hour in all other*
24 *States, as determined by the Secretary of*
25 *Veterans Affairs (based on the determina-*
26 *tions of maximum tuition charged per cred-*

1 *it hour in each State for the purposes of*
2 *chapter 33 of title 38, United States Code);*
3 *and*

4 *“(C) is eligible for educational assistance*
5 *for an academic year, and will receive an*
6 *amount of such assistance for such year for fees*
7 *charged the individual that is less than the max-*
8 *imum amount of such assistance available for*
9 *fees charged for such year in such State.*

10 *“(2) EDUCATIONAL ASSISTANCE.—The term ‘edu-*
11 *cational assistance’ means the amount of educational*
12 *assistance from the Secretary of Veterans Affairs an*
13 *eligible student receives or will receive under section*
14 *3313(c)(1)(A) of title 38, United States Code, or a*
15 *similar amount of such assistance under paragraphs*
16 *(2) through (7) of such section 3313(c).*

17 *“(c) GRANT AMOUNT.—A grant to an eligible student*
18 *under this section be equal to an amount that is—*

19 *“(1) the maximum amount of educational assist-*
20 *ance for fees charged that the eligible student would*
21 *receive, in accordance with section 3313(c) of title 38,*
22 *United States Code, if such student attended the pub-*
23 *lic institution of higher education in the State in*
24 *which the eligible student is enrolled that has the*
25 *highest fees charged to an individual for a year in*

1 *such State (as determined by the Secretary of Vet-*
2 *erans Affairs for the purposes of chapter 33 of such*
3 *title 38), less*

4 *“(2) the educational assistance the eligible stu-*
5 *dent will receive, in accordance with such section, for*
6 *fees charged to the student for such year at the insti-*
7 *tution of higher education at which the student is en-*
8 *rolled.*

9 *“(d) USES OF FUNDS.—An eligible student who re-*
10 *ceives a grant under this section shall use such grant to*
11 *pay tuition incurred by the student for a program of edu-*
12 *cation at an institution of higher education.*

13 *“(e) NOTIFICATION.—The Secretary, in coordination*
14 *with Secretary of Veterans Affairs, shall establish a system*
15 *of notification to ensure the timely delivery to each eligible*
16 *student of—*

17 *“(1) educational assistance received by the stu-*
18 *dent; and*

19 *“(2) grants awarded to the student under this*
20 *section.*

21 *“(f) AUTHORIZATION AND APPROPRIATION.—There are*
22 *authorized to be appropriated, and there are appropriated,*
23 *such sums as may be necessary to carry out this section*
24 *(in addition to any other amounts appropriated to carry*

1 out this section and out of any money in the Treasury not
2 otherwise appropriated).”.

3 (b) *CONFORMING AMENDMENT.*—The header for sub-
4 part 1 of part A of title IV (20 U.S.C. 1070a et seq.) is
5 amended by inserting “; **Veterans Educational Eq-**
6 **uity Supplemental Grants**” after “**Pell Grants**”.
7 **Subtitle B—Student Financial Aid**
8 **Form Simplification**

9 **SEC. 121. GENERAL EFFECTIVE DATE.**

10 Except as otherwise provided in this subtitle, amend-
11 ments made by this subtitle shall be effective with respect
12 to determinations of need for assistance under title IV of
13 the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.)
14 for award years beginning on or after July 1, 2011.

15 **SEC. 122. TREATMENT OF ASSETS IN NEED ANALYSIS.**

16 (a) *AMOUNT OF NEED.*—Section 471 (20 U.S.C.
17 1087kk) is amended—

18 (1) by striking “Except” and inserting the fol-
19 lowing:

20 “(a) *IN GENERAL.*—Except”;

21 (2) by inserting “and subject to subsection (b)”
22 after “therein”; and

23 (3) by adding at the end the following:

24 “(b) *ASSET CAP FOR NEED-BASED AID.*—Notwith-
25 standing any other provision of this title, a student shall

1 *not be eligible to receive a Federal Pell Grant, a Federal*
 2 *Direct Stafford Loan, or work assistance under this title*
 3 *if—*

4 “(1) *in the case of a dependent student, the com-*
 5 *bined net assets of the student and the student’s par-*
 6 *ents are equal to an amount greater than \$150,000*
 7 *(or a successor amount prescribed by the Secretary*
 8 *under section 478(c)); or*

9 “(2) *in the case of an independent student, the*
 10 *net assets of the student (and the student’s spouse, if*
 11 *applicable) are equal to an amount greater than*
 12 *\$150,000 (or a successor amount prescribed by the*
 13 *Secretary under section 478(c)).”.*

14 (b) *DATA ELEMENTS.—Section 474(b) (20 U.S.C.*
 15 *1087nn(b)) is amended—*

16 (1) *by striking paragraph (4); and*

17 (2) *by redesignating paragraphs (5), (6), and (7)*
 18 *as paragraphs (4), (5), and (6), respectively.*

19 (c) *DEPENDENT STUDENTS.—Section 475 (20 U.S.C.*
 20 *1087oo) is amended—*

21 (1) *in subsection (a)—*

22 (A) *in paragraph (1)—*

23 (i) *by striking “adjusted”; and*

24 (ii) *by inserting “and” after the semi-*
 25 *colon;*

- 1 *(B) in paragraph (2), by striking “; and”*
- 2 *and inserting a period; and*
- 3 *(C) by striking paragraph (3);*
- 4 *(2) in subsection (b)—*
- 5 *(A) in the header, by striking “ADJUSTED”;*
- 6 *(B) in the matter preceding paragraph (1),*
- 7 *by striking “adjusted”;*
- 8 *(C) by striking paragraph (1);*
- 9 *(D) by redesignating paragraphs (2) and*
- 10 *(3) as paragraphs (1) and (2), respectively;*
- 11 *(E) in paragraph (1) (as redesignated by*
- 12 *subparagraph (D) of this paragraph), by strik-*
- 13 *ing “adjusted”; and*
- 14 *(F) in paragraph (2) (as redesignated by*
- 15 *subparagraph (D) of this paragraph), by strik-*
- 16 *ing “paragraph (2)” and inserting “paragraph*
- 17 *(1)”;*
- 18 *(3) by repealing subsection (d);*
- 19 *(4) in subsection (e)—*
- 20 *(A) by striking “The adjusted available”*
- 21 *and inserting “The available”;*
- 22 *(B) by striking “to as ‘AAI’” and inserting*
- 23 *“to as ‘AI’”;*

1 (C) by striking “From Adjusted Available
2 Income (AAI)” and inserting “From Available
3 Income (AI)”; and

4 (D) in the table—

5 (i) by striking “If AAI” and inserting
6 “If AI”; and

7 (ii) by striking “of AAI” each place it
8 appears and inserting “of AI”;

9 (5) in subsection (f)—

10 (A) by striking “and assets” each place it
11 appears;

12 (B) in paragraph (2)(B), by striking “or
13 assets”; and

14 (C) in paragraph (3)—

15 (i) by striking “are taken into” and
16 inserting “is taken into”; and

17 (ii) by striking “adjusted”;

18 (6) in subsection (g)(6), by striking “exceeds the
19 sum of” and all that follows and inserting “exceeds
20 the parents’ total income (as defined in section 480)”;

21 (7) by repealing subsection (h); and

22 (8) in subsection (i), by striking “adjusted” each
23 place it appears.

1 (d) *FAMILY CONTRIBUTION FOR INDEPENDENT STU-*
 2 *DENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.—*

3 *Section 476 (20 U.S.C. 1087pp) is amended—*

4 (1) *in subsection (a)—*

5 (A) *by striking paragraph (1);*

6 (B) *by redesignating paragraphs (2) and*
 7 *(3) as paragraphs (1) and (2), respectively;*

8 (C) *in paragraph (1) (as redesignated by*
 9 *subparagraph (B)), by striking “the sum result-*
 10 *ing under paragraph (1)” and inserting “the*
 11 *family’s contribution from available income (de-*
 12 *termined in accordance with subsection (b))”;*
 13 *and*

14 (D) *in paragraph (2)(A) (as redesignated*
 15 *by subparagraph (B)), by striking “paragraph*
 16 *(2)” and inserting “paragraph (1)”;*

17 (2) *by repealing subsection (c); and*

18 (3) *in subsection (d)—*

19 (A) *by striking “and assets”; and*

20 (B) *by striking “or assets”.*

21 (e) *FAMILY CONTRIBUTION FOR INDEPENDENT STU-*
 22 *DENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—Sec-*

23 *tion 477 (20 U.S.C. 1087qq) is amended—*

24 (1) *in subsection (a)—*

25 (A) *by striking paragraph (1);*

1 (B) by redesignating paragraphs (2), (3),
 2 and (4) as paragraphs (1), (2), and (3), respec-
 3 tively;

4 (C) in paragraph (1) (as redesignated by
 5 subparagraph (B)), by striking “such adjusted
 6 available income” and inserting “the family’s
 7 available income (determined in accordance with
 8 subsection (b))”;

9 (D) in paragraph (2) (as redesignated by
 10 subparagraph (B)), by striking “paragraph (2)”
 11 and inserting “paragraph (1)”; and

12 (E) in paragraph (3)(A) (as redesignated
 13 by subparagraph (B)), by striking “paragraph
 14 (3)” and inserting “paragraph (2)”;
 15 (2) by repealing subsection (c); and
 16 (3) in subsection (d)—

17 (A) by striking “The adjusted available”
 18 and inserting “The available”;

19 (B) by striking “to as ‘AAI’” and inserting
 20 “to as ‘AI’”;

21 (C) by striking “From Adjusted Available
 22 Income (AAI)” and inserting “From Available
 23 Income (AI)”; and

24 (D) in the table—

1 (i) by striking “If AAI” and inserting
2 *“If AI”*; and

3 (ii) by striking “of AAI” each place it
4 appears and inserting “of AI”; and
5 (E) in subsection (e)—

6 (i) by striking “and assets”; and

7 (ii) by striking “or assets”.

8 (f) *REGULATIONS; UPDATED TABLES.*—Section 478
9 (20 U.S.C. 1087rr) is amended—

10 (1) in subsection (a), by inserting “or amounts,
11 as the case may be,” after “tables” each place the
12 term appears;

13 (2) by amending subsection (c) to read as fol-
14 lows:

15 “(c) *ASSET CAP FOR NEED-BASED AID.*—For each
16 award year after award year 2011–2012, the Secretary
17 shall publish in the Federal Register a revised net asset cap
18 for the purposes of section 471(b). Such revised cap shall
19 be determined by increasing the dollar amount in such sec-
20 tion by a percentage equal to the estimated percentage
21 change in the Consumer Price Index (as determined by the
22 Secretary) between December 2010 and the December pre-
23 ceding the beginning of such award year, and rounding the
24 result to the nearest \$5.”;

25 (3) by repealing subsection (d); and

1 (4) in subsection (e), by striking “adjusted” both
2 places it appears.

3 **SEC. 123. CHANGES TO TOTAL INCOME; AID ELIGIBILITY.**

4 (a) *DEFINITION OF UNTAXED INCOME AND BENE-*
5 *FITS.*—Section 480(b)(1) (20 U.S.C. 1087vv(b)(1)), as
6 amended by the Higher Education Opportunity Act (Public
7 Law 110–315), is amended—

8 (1) by striking subparagraphs (A), (B), (C), (E),
9 (F), and (I);

10 (2) by redesignating subparagraphs (D), (G),
11 and (H) as subparagraphs (A), (B), and (C), respec-
12 tively;

13 (3) in subparagraph (B) (as redesignated by
14 paragraph (2)), by inserting “and” after the semi-
15 colon; and

16 (4) in subparagraph (C) (as redesignated by
17 paragraph (2)), by striking “; and” and inserting a
18 period.

19 (b) *DEFINITION OF ASSETS.*—Section 480(f)(2) (20
20 U.S.C. 1087vv(f)(2)) is amended—

21 (1) by striking “or” at the end of subparagraph
22 (B);

23 (2) by striking the period at the end of subpara-
24 graph (C) and inserting “; or”; and

25 (3) by adding at the end the following:

1 “(D) an employee pension benefit plan (as
2 defined in section 3(2) of the Employee Retirement
3 Income Security Act of 1974 (29 U.S.C.
4 1002(2))).”.

5 (c) *FINANCIAL ADMINISTRATOR DISCRETION*.—Section
6 479A(b) (20 U.S.C. 1087tt) is amended in the subsection
7 heading, by striking “TO ASSETS”.

8 (d) *SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED*
9 *OFFENSES*.—Section 484(r)(1) (20 U.S.C. 1091(r)(1)) is
10 amended to read as follows:

11 “(1) *IN GENERAL*.—A student who is convicted
12 of any offense under any Federal or State law involv-
13 ing the sale of a controlled substance for conduct that
14 occurred during a period of enrollment for which the
15 student was receiving any grant, loan, or work assist-
16 ance under this title shall not be eligible to receive
17 any grant, loan, or work assistance under this title
18 from the date of that conviction for the period of time
19 specified in the following subparagraphs:

20 “(A) For a first offense, the period of ineli-
21 gibility shall be 2 years.

22 “(B) For a second offense, the period of in-
23 eligibility shall be indefinite.”.

1 **TITLE II—STUDENT LOAN**
 2 **REFORM**

3 **Subtitle A—Stafford Loan Reform**

4 **SEC. 201. FEDERAL FAMILY EDUCATION LOAN APPROPRIA-**
 5 **TIONS.**

6 *Section 421 (20 U.S.C. 1071) is amended—*

7 *(1) in subsection (b), in the matter following*
 8 *paragraph (6), by inserting “, except that no sums*
 9 *may be expended after June 30, 2010, with respect to*
 10 *loans under this part for which the first disbursement*
 11 *would be made after such date” after “expended”; and*

12 *(2) by adding at the end the following new sub-*
 13 *section:*

14 “(d) *TERMINATION OF AUTHORITY TO MAKE OR IN-*
 15 *SURE NEW LOANS.—Notwithstanding paragraphs (1)*
 16 *through (6) of subsection (b) or any other provision of*
 17 *law—*

18 *“(1) no new loans (including consolidation*
 19 *loans) may be made or insured under this part after*
 20 *June 30, 2010; and*

21 *“(2) no funds are authorized to be appropriated,*
 22 *or may be expended, under this Act or any other Act*
 23 *to make or insure loans under this part (including*
 24 *consolidation loans) for which the first disbursement*
 25 *would be made after June 30, 2010,*

1 *except as expressly authorized by an Act of Congress enacted*
 2 *after the date of enactment of Student Aid and Fiscal Re-*
 3 *sponsibility Act of 2009.”.*

4 **SEC. 202. SCOPE AND DURATION OF FEDERAL LOAN INSUR-**
 5 **ANCE PROGRAM.**

6 *Section 424(a) (20 U.S.C. 1074(a)) is amended by*
 7 *striking “September 30, 1976,” and all that follows and in-*
 8 *serting “September 30, 1976, for each of the succeeding fis-*
 9 *cal years ending prior to October 1, 2009, and for the period*
 10 *from October 1, 2009, to June 30, 2010, for loans first dis-*
 11 *bursed on or before June 30, 2010.”.*

12 **SEC. 203. APPLICABLE INTEREST RATES.**

13 *Section 427A(l) (20 U.S.C. 1077a(l)) is amended—*

14 *(1) in paragraph (1), by inserting “and before*
 15 *July 1, 2010,” after “July 1, 2006,”;*

16 *(2) in paragraph (2), by inserting “and before*
 17 *July 1, 2010,” after “July 1, 2006,”;*

18 *(3) in paragraph (3), by inserting “and that*
 19 *was disbursed before July 1, 2010,” after “July 1,*
 20 *2006,”; and*

21 *(4) in paragraph (4)—*

22 *(A) in the matter preceding subparagraph*
 23 *(A), by striking “July 1, 2012” and inserting*
 24 *“July 1, 2010”; and*

1 (B) by repealing subparagraphs (D) and
2 (E).

3 **SEC. 204. FEDERAL PAYMENTS TO REDUCE STUDENT IN-**
4 **TEREST COSTS.**

5 (a) *HIGHER EDUCATION ACT OF 1965*.—Section 428
6 (20 U.S.C. 1078) is amended—

7 (1) in subsection (a)—

8 (A) in paragraph (1), in the matter pre-
9 ceding subparagraph (A), by inserting “for
10 which the first disbursement is made before July
11 1, 2010, and” after “eligible institution”; and

12 (B) in paragraph (5), by striking “Sep-
13 tember 30, 2014,” and all that follows through
14 the period and inserting “June 30, 2010.”;

15 (2) in subsection (b)(1)—

16 (A) in subparagraph (G)(ii), by inserting
17 “and before July 1, 2010,” after “July 1, 2006,”;
18 and

19 (B) in subparagraph (H)(ii), by inserting
20 “and that are first disbursed before July 1,
21 2010,” after “July 1, 2006,”;

22 (3) in subsection (f)(1)(A)(ii)—

23 (A) by striking “during fiscal years begin-
24 ning”; and

1 (B) by inserting “and first disbursed before
 2 July 1, 2010,” after “October 1, 2003,”; and
 3 (4) in subsection (j)(1), by inserting “, before
 4 July 1, 2010,” after “section 435(d)(1)(D) of this Act
 5 shall”.

6 (b) COLLEGE COST REDUCTION AND ACCESS ACT.—
 7 Section 303 of the College Cost Reduction and Access Act
 8 (Public Law 110–84) is repealed.

9 **SEC. 205. FEDERAL PLUS LOANS.**

10 Section 428B(a)(1) (20 U.S.C. 1078–2(a)(1)) is
 11 amended by striking “A graduate” and inserting “Prior to
 12 July 1, 2010, a graduate”.

13 **SEC. 206. FEDERAL CONSOLIDATION LOAN.**

14 (a) AMENDMENTS.—Section 428C (20 U.S.C. 1078–3)
 15 is amended—

16 (1) in subsection (a)—

17 (A) by amending paragraph (3)(B)(i)(V) to
 18 read as follows:

19 “(V) an individual who has a consoli-
 20 dation loan under this section and does not
 21 have a consolidation loan under section
 22 455(g) may obtain a subsequent consolida-
 23 tion loan under section 455(g).”; and

1 (B) in paragraph (4)(A), by inserting “,
2 and first disbursed before July 1, 2010” after
3 “under this part”;

4 (2) in subsection (b)—

5 (A) in paragraph (1)(E), by inserting be-
6 fore the semicolon “, and before July 1, 2010”;
7 and

8 (B) in paragraph (5), by striking “In the
9 event that” and inserting “If, before July 1,
10 2010,”;

11 (3) in subsection (c)(1)—

12 (A) in subparagraph (A)(ii), by inserting
13 “and that is disbursed before July 1, 2010,” after
14 “2006,”; and

15 (B) in subparagraph (C), by inserting “and
16 first disbursed before July 1, 2010,” after
17 “1994,”; and

18 (4) in subsection (e), by striking “September 30,
19 2014.” and inserting “June 30, 2010. No loan may
20 be made under this section for which the first dis-
21 bursement would be on or after July 1, 2010.”.

22 (b) *EFFECTIVE DATE.*—The amendments made by sub-
23 section (a)(1)(A) shall be effective at the close of June 30,
24 2010.

1 **SEC. 207. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-**
 2 **INCOME BORROWERS.**

3 *Section 428H (20 U.S.C. 1078–8) is amended—*

4 *(1) in subsection (a), by inserting “that are first*
 5 *disbursed before July 1, 2010,” after “under this*
 6 *part”;*

7 *(2) in subsection (b)—*

8 *(A) by striking “Any student” and insert-*
 9 *ing “Prior to July 1, 2010, any student”; and*

10 *(B) by inserting “for which the first dis-*
 11 *bursement is made before such date” after “un-*
 12 *subsidized Federal Stafford Loan”; and*

13 *(3) in subsection (h), by inserting “and that are*
 14 *first disbursed before July 1, 2010,” after “July 1,*
 15 *2006,”.*

16 **SEC. 208. LOAN REPAYMENT FOR CIVIL LEGAL ASSISTANCE**
 17 **ATTORNEYS.**

18 *Section 428L(b)(2)(A) (20 U.S.C. 1078–12(b)(2)(A)) is*
 19 *amended—*

20 *(1) by amending clause (i) to read as follows:*

21 *“(i) subject to clause (ii)—*

22 *“(I) a loan made, insured, or*
 23 *guaranteed under this part, and that is*
 24 *first disbursed before July 1, 2010; or*

25 *“(II) a loan made under part D*
 26 *or part E; and”;* and

1 (2) in clause (ii)—

2 (A) by striking “428C or 455(g)” and in-
3 serting “428C, that is disbursed before July 1,
4 2010, or section 455(g)”; and

5 (B) in subclause (II), by inserting “for
6 which the first disbursement is made before July
7 1, 2010,” after “or 428H”.

8 **SEC. 209. SPECIAL ALLOWANCES.**

9 Section 438 (20 U.S.C. 1087–1) is amended—

10 (1) in subsection (b)(2)(I)—

11 (A) in the header, by inserting “, AND BE-
12 FORE JULY 1, 2010” after “2000”;

13 (B) in clause (i), by inserting “and before
14 July 1, 2010,” after “2000,”;

15 (C) in clause (ii)(II), by inserting “and be-
16 fore July 1, 2010,” after “2006,”;

17 (D) in clause (iii), by inserting “and before
18 July 1, 2010,” after “2000,”;

19 (E) in clause (iv), by inserting “and that is
20 disbursed before July 1, 2010,” after “2000,”;

21 (F) in clause (v)(I), by inserting “and be-
22 fore July 1, 2010,” after “2006,”; and

23 (G) in clause (vi)—

24 (i) in the header, by inserting “, AND
25 BEFORE JULY 1, 2010” after “2007”; and

1 (ii) in the matter preceding subclause
 2 (I), by inserting “and before July 1, 2010,”
 3 after “2007,”;

4 (2) in subsection (c)—

5 (A) in paragraph (2)(B)—

6 (i) in clause (iii), by inserting “and”
 7 after the semicolon;

8 (ii) in clause (iv), by striking “; and”
 9 and inserting a period; and

10 (iii) by striking clause (v); and

11 (B) in paragraph (6), by inserting “and
 12 first disbursed before July 1, 2010,” after
 13 “1992,”; and

14 (3) in subsection (d)(2)(B), by inserting “, and
 15 before July 1, 2010” after “2007”.

16 **SEC. 210. REVISED SPECIAL ALLOWANCE CALCULATION.**

17 (a) *REVISED CALCULATION RULE.*—Section
 18 438(b)(2)(I) of the Higher Education Act of 1965 (20
 19 U.S.C. 1087–1(b)(2)(I)) is amended by adding at the end
 20 the following new clause:

21 “(vii) *REVISED CALCULATION RULE TO*
 22 *REFLECT FINANCIAL MARKET CONDI-*
 23 *TIONS.*—

24 “(I) *CALCULATION BASED ON*
 25 *LIBOR.*—For the calendar quarter be-

1 *ginning on October 1, 2009, and each*
2 *subsequent calendar quarter, in com-*
3 *puting the special allowance paid pur-*
4 *suant to this subsection with respect to*
5 *loans described in subclause (II),*
6 *clause (i)(I) of this subparagraph shall*
7 *be applied by substituting ‘of the 1-*
8 *month London Inter Bank Offered*
9 *Rate (LIBOR) for United States dol-*
10 *lars in effect for each of the days in*
11 *such quarter as compiled and released*
12 *by the British Bankers Association’ for*
13 *‘of the quotes of the 3-month commer-*
14 *cial paper (financial) rates in effect for*
15 *each of the days in such quarter as re-*
16 *ported by the Federal Reserve in Publi-*
17 *cation H–15 (or its successor) for such*
18 *3-month period’.*

19 “(II) LOANS ELIGIBLE FOR
20 LIBOR-BASED CALCULATION.—The spe-
21 cial allowance paid pursuant to this
22 subsection shall be calculated as de-
23 scribed in subclause (I) with respect to
24 special allowance payments for the 3-
25 month period ending December 31,

1 2009, and each succeeding 3-month pe-
2 riod, on loans for which the first dis-
3 bursement is made—

4 “(aa) on or after the date of
5 enactment of the Student Aid and
6 Fiscal Responsibility Act of 2009,
7 and before July 1, 2010; and

8 “(bb) on or after January 1,
9 2000, and before the date of enact-
10 ment of the Student Aid and Fis-
11 cal Responsibility Act of 2009, if,
12 not later than the last day of the
13 second full fiscal quarter after the
14 date of enactment of such Act, the
15 holder of the loan affirmatively
16 and permanently waives all con-
17 tractual, statutory or other legal
18 rights to a special allowance paid
19 pursuant to this subsection that is
20 calculated using the formula in ef-
21 fect at the time the loans were
22 first disbursed.

23 “(III) TERMS OF WAIVER.—A
24 waiver pursuant to subclause (II)(bb)
25 shall—

1 “(aa) be applicable to all
2 loans described in such subclause
3 that are held under any lender
4 identification number associated
5 with the holder (pursuant to sec-
6 tion 487B); and

7 “(bb) apply with respect to
8 all future calculations of the spe-
9 cial allowance on loans described
10 in such subclause that are held on
11 the date of such waiver or that are
12 acquired by the holder after such
13 date.

14 “(IV) PARTICIPANT’S YIELD.—For
15 the calendar quarter beginning on Oc-
16 tober 1, 2009, and each subsequent cal-
17 endar quarter, the Secretary’s partici-
18 pant yield in any loan for which the
19 first disbursement is made on or after
20 January 1, 2000, and before October 1,
21 2009, and that is held by a lender that
22 has sold any participation interest in
23 such loan to the Secretary shall be de-
24 termined by using the LIBOR-based
25 rate described in subclause (I) as the

1 *substitute rate (for the commercial*
 2 *paper rate) referred to in the partici-*
 3 *pation agreement between the Sec-*
 4 *retary and such lender.”;*

5 *(b) CONFORMING AMENDMENT.—Section 438(b)(2)(I)*
 6 *(20 U.S.C. 1087–1(b)(2)(I)) is further amended—*

7 *(1) in clause (i)(II), by striking “such average*
 8 *bond equivalent rate” and inserting “the rate deter-*
 9 *mined under subclause (I)”;* and

10 *(2) in clause (v)(III) by striking “(iv), and (vi)”*
 11 *and inserting “(iv), (vi), and (vii)”.*

12 **SEC. 211. ORIGINATION OF DIRECT LOANS AT INSTITU-**
 13 **TIONS LOCATED OUTSIDE THE UNITED**
 14 **STATES.**

15 *(a) LOANS FOR STUDENTS ATTENDING INSTITUTIONS*
 16 *LOCATED OUTSIDE THE UNITED STATES.—Section 452 (20*
 17 *U.S.C. 1087b) is amended by adding at the end the fol-*
 18 *lowing:*

19 *“(d) INSTITUTIONS LOCATED OUTSIDE THE UNITED*
 20 *STATES.—Loan funds for students (and parents of stu-*
 21 *dents) attending institutions located outside the United*
 22 *States shall be disbursed through a financial institution lo-*
 23 *cated in the United States and designated by the Secretary*
 24 *to serve as the agent of such institutions with respect to*
 25 *the receipt of the disbursements of such loan funds and the*

1 *transfer of such funds to such institutions. To be eligible*
 2 *to receive funds under this part, an otherwise eligible insti-*
 3 *tution located outside the United States shall make arrange-*
 4 *ments, subject to regulations by the Secretary, with the*
 5 *agent designated by the Secretary under this subsection to*
 6 *receive funds under this part.”.*

7 (b) *CONFORMING AMENDMENTS.—*

8 (1) *AMENDMENTS.—Section 102 (20 U.S.C.*
 9 *1002), as amended by section 102 of the Higher Edu-*
 10 *cation Opportunity Act (Public Law 110–315) and*
 11 *section 101 of Public Law 111–39, is amended—*

12 (A) *by striking “part B” each place it ap-*
 13 *pears and inserting “part D”;*

14 (B) *in subsection (a)(1)(C), by inserting “,*
 15 *consistent with the requirements of section*
 16 *452(d)” before the period at the end; and*

17 (C) *in subsection (a)(2)(A)—*

18 (i) *in the matter preceding clause (i),*
 19 *by striking “made, insured, or guaranteed”*
 20 *and inserting “made”; and*

21 (ii) *in clause (iii)—*

22 (I) *in subclause (III), by striking*
 23 *“only Federal Stafford” and all that*
 24 *follows through “section 428B” and in-*
 25 *serting “only Federal Direct Stafford*

1 *Loans under section 455(a)(2)(A), Fed-*
 2 *eral Direct Unsubsidized Stafford*
 3 *Loans under section 455(a)(2)(D), or*
 4 *Federal Direct PLUS Loans under sec-*
 5 *tion 455(a)(2)(B)”; and*

6 (II) in subclause (V), by striking
 7 “a Federal Stafford” and all that fol-
 8 lows through “section 428B” and in-
 9 serting “a Federal Direct Stafford
 10 Loan under section 455(a)(2)(A), a
 11 Federal Direct Unsubsidized Stafford
 12 Loan under section 455(a)(2)(D), or a
 13 Federal Direct PLUS Loan under sec-
 14 tion 455(a)(2)(B)”.

15 (2) *EFFECTIVE DATE.*—*The amendments made*
 16 *by subparagraph (C) of paragraph (1) shall be effec-*
 17 *tive on July 1, 2010, as if enacted as part of section*
 18 *102(a)(1) of the Higher Education Opportunity Act*
 19 *(Public Law 110–315).*

20 **SEC. 212. AGREEMENTS WITH INSTITUTIONS.**

21 Section 454 (20 U.S.C. 1087d) is amended—

22 (1) in subsection (a), by striking paragraph (4)
 23 and redesignating the succeeding paragraphs accord-
 24 ingly; and

1 (2) in subsection (b)(2), by striking “(5), (6),
2 and (7)” and inserting “(5), and (6)”.

3 **SEC. 213. TERMS AND CONDITIONS OF LOANS.**

4 (a) *AMENDMENTS*.—Section 455 (20 U.S.C. 1087e) is
5 amended—

6 (1) in subsection (a)(1), by inserting “, and first
7 disbursed on June 30, 2010,” before “under sections
8 428”; and

9 (2) in subsection (g)—

10 (A) by inserting “, including any loan
11 made under part B and first disbursed before
12 July 1, 2010” after “section 428C(a)(4)”; and

13 (B) by striking the third sentence.

14 (b) *EFFECTIVE DATE*.—The amendment made by sub-
15 section (a)(1) shall apply with respect to loans first dis-
16 bursed under part D of title IV of the Higher Education
17 Act of 1965 (20 U.S.C. 1087a et seq.) on or after July 1,
18 2010.

19 **SEC. 214. CONTRACTS.**

20 Section 456 (20 U.S.C. 1087f) is amended—

21 (1) in subsection (a)—

22 (A) in paragraph (1)—

23 (i) in the header, by striking “IN GEN-
24 ERAL” and inserting “AWARDING OF CON-
25 TRACTS”;

1 (ii) by striking “The Secretary” and
2 inserting the following:

3 “(A) *IN GENERAL.—The Secretary*”; and

4 (iii) by adding at the end the fol-
5 lowing:

6 “(B) *AWARDING CONTRACTS FOR SERVICING*
7 *LOANS.—The Secretary shall, if practicable,*
8 *award multiple contracts, through a competitive*
9 *bidding process, to entities, including eligible*
10 *not-for-profit servicers, to service loans origi-*
11 *nated under this part. The competitive bidding*
12 *process shall take into account price, servicing*
13 *capacity, and capability, and may take into ac-*
14 *count the capacity and capability to provide de-*
15 *fault aversion activities and outreach services.*

16 “(C) *JOB RETENTION INCENTIVE PAY-*
17 *MENT.—(i) In a contract with an entity under*
18 *subparagraph (B) for the servicing of loans, the*
19 *Secretary shall provide a job retention incentive*
20 *payment, in an amount and manner determined*
21 *by the Secretary, if such entity agrees to give*
22 *priority for hiring for positions created as a re-*
23 *sult of such a contract to those geographical loca-*
24 *tions at which the entity performed student loan*
25 *origination or servicing activities under the Fed-*

1 *eral Family Education Loan Program as of the*
2 *date of enactment of the Student Aid and Fiscal*
3 *Responsibility Act of 2009.*

4 *“(ii) In determining the allocation of loans*
5 *to be serviced by an entity awarded such a con-*
6 *tract, the Secretary shall consider the retention*
7 *of highly qualified employees of such entity a*
8 *positive factor in determining such allocation.”;*

9 *(B) in paragraph (2)—*

10 *(i) in the first sentence, by inserting “,*
11 *including eligible not-for-profit servicers,”*
12 *after “The entities”;*

13 *(ii) by amending the third sentence to*
14 *read as follows: “The entities with which the*
15 *Secretary may enter into such contracts*
16 *shall include, where practicable, agencies*
17 *with agreements with the Secretary under*
18 *sections 428(b) and (c) on the date of the*
19 *enactment of the Student Aid and Fiscal*
20 *Responsibility Act of 2009, and eligible not-*
21 *for-profit servicers, if such agencies or*
22 *servicers meet the qualifications as deter-*
23 *mined by the Secretary under this sub-*
24 *section and if those agencies or servicers*

1 *have such experience and demonstrated ef-*
 2 *fectiveness.”; and*

3 *(iii) by striking the last sentence and*
 4 *inserting the following: “In awarding con-*
 5 *tracts to such State agencies, and such eligi-*
 6 *ble not-for-profit servicers, the Secretary*
 7 *shall, to the extent practicable and con-*
 8 *sistent with the purposes of this part, give*
 9 *special consideration to State agencies and*
 10 *such servicers with a history of high quality*
 11 *performance and demonstrated integrity in*
 12 *conducting operations with institutions of*
 13 *higher education and the Secretary.”;*

14 *(C) by redesignating paragraph (3) as*
 15 *paragraph (4), and by inserting in such para-*
 16 *graph “, or of any eligible not-for-profit servicer*
 17 *to enter into an agreement for the purposes of*
 18 *this section as a member of a consortium of such*
 19 *entities” before the period at the end; and*

20 *(D) by inserting after paragraph (2) the fol-*
 21 *lowing new paragraph:*

22 “(3) *SERVICING BY ELIGIBLE NOT-FOR-PROFIT*
 23 *SERVICERS.—*

24 “(A) *IN GENERAL.—Notwithstanding any*
 25 *other provision of this section, in each State*

1 *where one or more eligible not-for-profit servicer*
2 *has its principal place of business, the Secretary*
3 *shall contract with each such servicer to service*
4 *loans originated under this part on behalf of bor-*
5 *rowers attending institutions located within such*
6 *State, provided that the servicer demonstrates*
7 *that it meets the standards for servicing Federal*
8 *assets and providing quality service and agrees*
9 *to service the loans at a competitive market rate,*
10 *as determined by the Secretary. In determining*
11 *such a competitive market rate, the Secretary*
12 *may take into account the volume of loans serv-*
13 *iced by the servicer. Contracts awarded under*
14 *this paragraph shall be subject to the same re-*
15 *quirements for quality, performance, and ac-*
16 *countability as contracts awarded under para-*
17 *graph (2) for similar activities.*

18 *“(B) ALLOCATIONS.—(i) ONE SERVICER.—*
19 *In the case of a State with only one eligible not-*
20 *for-profit servicer with a contract described in*
21 *subparagraph (A), the Secretary shall, at a min-*
22 *imum, allocate to such servicer, on an annual*
23 *basis and subject to such contract, the servicing*
24 *rights for the lesser of—*

1 “(I) the loans of 100,000 borrowers (in-
2 cluding borrowers who borrowed loans in a
3 prior year that were serviced by the
4 servicer) attending institutions located
5 within the State; or

6 “(II) the loans of all the borrowers at-
7 tending institutions located within the
8 State.

9 “(ii) *MULTIPLE SERVICERS.*—In the case of
10 a State with more than one eligible not-for-profit
11 servicer with a contract described in subpara-
12 graph (A), the Secretary shall, at a minimum,
13 allocate to each such servicer, on an annual basis
14 and subject to such contract, the servicing rights
15 for the lesser of—

16 “(I) the loans of 100,000 borrowers (in-
17 cluding borrowers who borrowed loans in a
18 prior year that were serviced by the
19 servicer) attending institutions located
20 within the State; or

21 “(II) an equal share of the loans of all
22 borrowers attending institutions located
23 within the State, except the Secretary shall
24 adjust such shares as necessary to ensure

1 that the loans of any single borrower re-
2 main with a single servicer.

3 “(iii) *ADDITIONAL ALLOCATION.*—*The Sec-*
4 *retary may allocate additional servicing rights*
5 *to an eligible not-for-profit servicer based on the*
6 *performance of such servicer, as determined by*
7 *the Secretary, including performance in the*
8 *areas of customer service and default aversion.*

9 “(C) *MULTIPLE LOANS.*—*Notwithstanding*
10 *the allocations required by subparagraph (B),*
11 *the Secretary may transfer loans among servicers*
12 *who are awarded contracts to service loans pur-*
13 *suant to this section to ensure that the loans of*
14 *any single borrower remain with a single*
15 *servicer.”; and*

16 (2) *by adding at the end the following:*

17 “(c) *REPORT TO CONGRESS.*—*Not later than 3 years*
18 *after the date of the enactment of the Student Aid and Fis-*
19 *cal Responsibility Act of 2009, the Secretary shall prepare*
20 *and submit to the authorizing committees, a report evalu-*
21 *ating the performance of all eligible not-for-profit servicers*
22 *awarded a contract under this section to service loans origi-*
23 *nated under this part. Such report shall give consideration*
24 *to—*

1 “(1) *customer satisfaction of borrowers and in-*
 2 *stitutions with respect to the loan servicing provided*
 3 *by the servicers;*

4 “(2) *compliance with applicable regulations by*
 5 *the servicers; and*

6 “(3) *the effectiveness of default aversion activi-*
 7 *ties, and outreach services (if any), provided by the*
 8 *servicers.*

9 “(d) *DEFINITIONS.—In this section:*

10 “(1) *DEFAULT AVERSION ACTIVITIES.—The term*
 11 *‘default aversion activities’ means activities that are*
 12 *directly related to providing collection assistance to*
 13 *the Secretary on a delinquent loan, prior to the loan*
 14 *being legally in a default status, including due dili-*
 15 *gence activities required pursuant to regulations.*

16 “(2) *ELIGIBLE NOT-FOR-PROFIT SERVICER.—*

17 “(A) *IN GENERAL.—The term ‘eligible not-*
 18 *for-profit servicer’ means an entity that, on the*
 19 *date of enactment of the Student Aid and Fiscal*
 20 *Responsibility Act of 2009—*

21 “(i) *meets the definition of an eligible*
 22 *not-for-profit holder under section 435(p),*
 23 *except that such term does not include eligi-*
 24 *ble lenders described in paragraph (1)(D) of*
 25 *such section;*

1 “(ii) notwithstanding clause (i), is the
2 sole beneficial owner of a loan for which the
3 special allowance rate is calculated under
4 section 438(b)(2)(I)(vi)(II) because the loan
5 is held by an eligible lender trustee that is
6 an eligible not-for-profit holder as defined
7 under section 435(p)(1)(D); or

8 “(iii) is an affiliated entity of an eligi-
9 ble not-for-profit servicer described in clause
10 (i) or (ii) that—

11 “(I) directly employs, or will di-
12 rectly employ (on or before the date the
13 entity begins servicing loans under a
14 contract awarded by the Secretary pur-
15 suant to subsection (a)(3)(A)), the ma-
16 jority of individuals who perform stu-
17 dent loan servicing functions; and

18 “(II) on such date of enactment,
19 was performing, or had entered into a
20 contract with a third party servicer (as
21 such term is defined in section 481(c))
22 who was performing, student loan serv-
23 icing functions for loans made under
24 part B of this title.

1 “(B) *AFFILIATED ENTITY*.—For the pur-
 2 poses of subparagraph (A), the term ‘affiliated
 3 entity’ means an entity contracted to perform
 4 services for an eligible not-for-profit servicer
 5 that—

6 “(i) is a nonprofit entity or is wholly
 7 owned by a nonprofit entity; and

8 “(ii) is not owned or controlled, in
 9 whole or in part, by—

10 “(I) a for-profit entity; or

11 “(II) an entity having its prin-
 12 cipal place of business in another
 13 State.

14 “(3) *OUTREACH SERVICES*.—The term ‘outreach
 15 services’ means programs offered to students and fam-
 16 ilies, including programs delivered in coordination
 17 with institutions of higher education that—

18 “(A) encourage—

19 “(i) students to attend and complete a
 20 degree or certification program at an insti-
 21 tution of higher education; and

22 “(ii) students and families to obtain fi-
 23 nancial aid, but minimize the borrowing of
 24 education loans; and

1 “(B) deliver financial literacy and coun-
2 seling tools.”.

3 **SEC. 215. INTEREST RATES.**

4 Section 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended
5 by adding at the end the following new subparagraph:

6 “(E) REDUCED RATES FOR UNDER-
7 GRADUATE FDSL ON AND AFTER JULY 1, 2012.—
8 Notwithstanding the preceding paragraphs of
9 this subsection and subparagraph (A) of this
10 paragraph, for Federal Direct Stafford Loans
11 made to undergraduate students for which the
12 first disbursement is made on or after July 1,
13 2012, the applicable rate of interest shall, during
14 any 12-month period beginning on July 1 and
15 ending on June 30, be determined on the pre-
16 ceding June 1 and be equal to—

17 “(i) the bond equivalent rate of 91-day
18 Treasury bills auctioned at the final auc-
19 tion held prior to such June 1; plus

20 “(ii) 2.5 percent,
21 except that such rate shall not exceed 6.8 per-
22 cent.”.

1 ***Subtitle B—Perkins Loan Reform***

2 ***SEC. 221. FEDERAL DIRECT PERKINS LOANS TERMS AND***
3 ***CONDITIONS.***

4 *Part D of title IV (20 U.S.C. 1087a et seq.) is amended*
5 *by inserting after section 455 the following new section:*

6 ***“SEC. 455A. FEDERAL DIRECT PERKINS LOANS.***

7 *“(a) DESIGNATION OF LOANS.—Loans made to bor-*
8 *rowers under this section shall be known as ‘Federal Direct*
9 *Perkins Loans’.*

10 *“(b) IN GENERAL.—It is the purpose of this section*
11 *to authorize loans to be awarded by institutions of higher*
12 *education through agreements established under section*
13 *463(f). Unless otherwise specified in this section, all terms*
14 *and conditions and other requirements applicable to Fed-*
15 *eral Direct Unsubsidized Stafford loans established under*
16 *section 455(a)(2)(D) shall apply to loans made pursuant*
17 *to this section.*

18 *“(c) ELIGIBLE BORROWERS.—Any student meeting*
19 *the requirements for student eligibility under section 464(b)*
20 *(including graduate and professional students as defined in*
21 *regulations promulgated by the Secretary) shall be eligible*
22 *to borrow a Federal Direct Perkins Loan, provided the stu-*
23 *dent attends an eligible institution with an agreement with*
24 *the Secretary under section 463(f), and the institution uses*

1 *its authority under that agreement to award the student*
 2 *a loan.*

3 “(d) *LOAN LIMITS.*—*The annual and aggregate limits*
 4 *for loans under this section shall be the same as those estab-*
 5 *lished under section 464, and aggregate limits shall include*
 6 *loans made by institutions under agreements under section*
 7 *463(a).*

8 “(e) *APPLICABLE RATES OF INTEREST.*—*Loans made*
 9 *pursuant to this section shall bear interest, on the unpaid*
 10 *balance of the loan, at the rate of 5 percent per year.”.*

11 **SEC. 222. AUTHORIZATION OF APPROPRIATIONS.**

12 *Section 461 (20 U.S.C. 1087aa) is amended—*

13 *(1) in subsection (a), by inserting “, before July*
 14 *1, 2010,” after “The Secretary shall”;*

15 *(2) in subsection (b)—*

16 *(A) in paragraph (1)—*

17 *(i) by striking “(1) For the purpose”*
 18 *and inserting “For the purpose”; and*

19 *(ii) by striking “and for each of the*
 20 *five succeeding fiscal years”; and*

21 *(B) by striking paragraph (2); and*

22 *(3) by striking subsection (c).*

23 **SEC. 223. ALLOCATION OF FUNDS.**

24 *Section 462 (20 U.S.C. 1087bb) is amended—*

1 (1) in subsection (a)(1), by striking “From” and
 2 inserting “For any fiscal year before fiscal year 2010,
 3 from”; and

4 (2) in subsection (i)(1), by striking “for any fis-
 5 cal year,” and inserting “for any fiscal year before
 6 fiscal year 2010,”.

7 **SEC. 224. FEDERAL DIRECT PERKINS LOAN ALLOCATION.**

8 Part E of title IV is further amended by inserting after
 9 section 462 (20 U.S.C. 1087bb) the following:

10 **“SEC. 462A. FEDERAL DIRECT PERKINS LOAN ALLOCATION.**

11 “(a) *PURPOSES.*—The purposes of this section are—

12 “(1) to allocate, among eligible and partici-
 13 pating institutions (as such terms are defined in this
 14 section), the authority to make Federal Direct Perkins
 15 Loans under section 455A with a portion of the an-
 16 nual loan authority described in subsection (b); and

17 “(2) to make funds available, in accordance with
 18 section 452, to each participating institution from a
 19 portion of the annual loan authority described in sub-
 20 section (b), in an amount not to exceed the sum of an
 21 institution’s allocation of funds under subparagraphs
 22 (A), (B), and (C) of subsection (b)(1) to enable each
 23 such institution to make Federal Direct Perkins
 24 Loans to eligible students at the institution.

1 “(b) *AVAILABLE DIRECT PERKINS ANNUAL LOAN AU-*
 2 *THORITY.*—

3 “(1) *AVAILABILITY AND ALLOCATIONS.*—*There*
 4 *are hereby made available, from funds made available*
 5 *for loans made under part D, not to exceed*
 6 *\$6,000,000,000 of annual loan authority for award*
 7 *year 2010–2011 and each succeeding award year, to*
 8 *be allocated as follows:*

9 “(A) *The Secretary shall allocate not more*
 10 *than $\frac{1}{2}$ of such funds for each award year by al-*
 11 *locating to each participating institution an*
 12 *amount equal to the adjusted self-help need*
 13 *amount of the institution, as determined in ac-*
 14 *cordance with subsection (c) for such award*
 15 *year.*

16 “(B) *The Secretary shall allocate not more*
 17 *than $\frac{1}{4}$ of such funds for each award year by al-*
 18 *locating to each participating institution an*
 19 *amount equal to the low tuition incentive*
 20 *amount of the institution, as determined in ac-*
 21 *cordance with subsection (d).*

22 “(C) *The Secretary shall allocate not more*
 23 *than $\frac{1}{4}$ of such funds for each award year by al-*
 24 *locating to each participating institution an*
 25 *amount which bears the same ratio to the funds*

1 *allocated under this subparagraph as the ratio*
 2 *determined in accordance with subsection (e) for*
 3 *the calculation of the Federal Pell Grant and de-*
 4 *gree recipient amount of the institution.*

5 *“(2) NO FUNDS TO NON-PARTICIPATING INSTITU-*
 6 *TIONS.—The Secretary shall not make funds available*
 7 *under this subsection to any eligible institution that*
 8 *is not a participating institution. The adjusted self-*
 9 *help need amount (determined in accordance with*
 10 *subsection (c)) of an eligible institution that is not a*
 11 *participating institution shall not be made available*
 12 *to any other institution.*

13 *“(c) ADJUSTED SELF-HELP NEED AMOUNT.—For the*
 14 *purposes of subsection (b)(1)(A), the Secretary shall cal-*
 15 *culate the adjusted self-help need amount of each eligible*
 16 *institution for an award year as follows:*

17 *“(1) USE OF BASE SELF-HELP NEED*
 18 *AMOUNTS.—*

19 *“(A) IN GENERAL.—Except as provided in*
 20 *paragraphs (2), (3), and (4), the adjusted self-*
 21 *help need amount of each eligible institution*
 22 *shall be the institution’s base self-help need*
 23 *amount, which is the sum of—*

1 “(i) the self-help need of the institu-
2 tion’s eligible undergraduate students for
3 such award year; and

4 “(ii) the self-help need of the institu-
5 tion’s eligible graduate and professional stu-
6 dents for such award year.

7 “(B) UNDERGRADUATE STUDENT SELF-
8 HELP NEED.—To determine the self-help need of
9 an institution’s eligible undergraduate students,
10 the Secretary shall determine the sum of each eli-
11 gible undergraduate student’s average cost of at-
12 tendance for the second preceding award year
13 less each such student’s expected family contribu-
14 tion (computed in accordance with part F) for
15 the second preceding award year, except that, for
16 each such eligible undergraduate student, the
17 amount computed by such subtraction shall not
18 be less than zero or more than the lesser of—

19 “(i) 25 percent of the average cost of
20 attendance with respect to such eligible stu-
21 dent; or

22 “(ii) \$5,500.

23 “(C) GRADUATE AND PROFESSIONAL STU-
24 DENT SELF-HELP NEED.—To determine the self-
25 help need of an institution’s eligible graduate

1 *and professional students, the Secretary shall de-*
2 *termine the sum of each eligible graduate and*
3 *professional student's average cost of attendance*
4 *for the second preceding award year less each*
5 *such student's expected family contribution (com-*
6 *puted in accordance with part F) for such second*
7 *preceding award year, except that, for each such*
8 *eligible graduate and professional student, the*
9 *amount computed by such subtraction shall not*
10 *be less than zero or more than \$8,000.*

11 “(2) *RATABLE REDUCTION ADJUSTMENTS.—If*
12 *the sum of the base self-help need amounts of all eligi-*
13 *ble institutions for an award year as determined*
14 *under paragraph (1) exceeds 1/2 of the annual loan*
15 *authority under subsection (b) for such award year,*
16 *the Secretary shall ratably reduce the base self-help*
17 *need amounts of all eligible institutions until the sum*
18 *of such amounts is equal to the amount that is 1/2 of*
19 *the annual loan authority under subsection (b).*

20 “(3) *REQUIRED MINIMUM AMOUNT.—Notwith-*
21 *standing paragraph (2), the adjusted self-help need*
22 *amount of each eligible institution shall not be less*
23 *than the average of the institution's total principal*
24 *amount of loans made under this part for each of the*
25 *5 most recent award years.*

1 “(4) *ADDITIONAL ADJUSTMENTS.—If the Sec-*
 2 *retary determines that a ratable reduction under*
 3 *paragraph (2) results in the adjusted self-help need*
 4 *amount of any eligible institution being reduced*
 5 *below the minimum amount required under para-*
 6 *graph (3), the Secretary shall—*

7 “(A) *for each institution for which the min-*
 8 *imum amount under paragraph (3) is not satis-*
 9 *fied, increase the adjusted self-help need amount*
 10 *to the amount of the required minimum under*
 11 *such subparagraph; and*

12 “(B) *ratably reduce the adjusted self-help*
 13 *need amounts of all eligible institutions not de-*
 14 *scribed in subparagraph (A) until the sum of the*
 15 *adjusted self-help need amounts of all eligible in-*
 16 *stitutions is equal to the amount that is 1/2 of the*
 17 *annual loan authority under subsection (b).*

18 “(d) *LOW TUITION INCENTIVE AMOUNT.—*

19 “(1) *IN GENERAL.—For purposes of subsection*
 20 *(b)(1)(B), the Secretary shall determine the low tui-*
 21 *tion incentive amount for each participating institu-*
 22 *tion for each award year, by calculating for each such*
 23 *institution the sum of—*

24 “(A) *the total amount, if any (but not less*
 25 *than zero), by which—*

1 “(i) the average tuition and required
2 fees for the institution’s sector for the second
3 preceding award year; exceeds

4 “(ii) the tuition and required fees for
5 the second preceding award year for each
6 undergraduate and graduate student attend-
7 ing the institution who had financial need
8 (as determined under part F); plus

9 “(B) the total amount, if any (but not less
10 than zero), by which—

11 “(i) the total amount for the second
12 preceding award year of non-Federal grant
13 aid provided to meet the financial need of
14 all undergraduate students attending the in-
15 stitution (as determined without regard to
16 financial aid not received under this title);
17 exceeds

18 “(ii) the total amount for the second
19 preceding award year, if any, by which—

20 “(I) the tuition and required fees
21 of each such student with such finan-
22 cial need; exceeds

23 “(II) the average tuition and re-
24 quired fees for the institution’s sector.

1 “(2) *RATABLE REDUCTION.*—If the sum of the
 2 low tuition incentive amounts of all participating in-
 3 stitutions for an award year as determined under
 4 paragraph (1) exceeds $\frac{1}{4}$ of the annual loan authority
 5 under subsection (b) for such award year, the Sec-
 6 retary shall ratably reduce the low tuition incentive
 7 amounts of all participating institutions until the
 8 sum of such amounts is equal to the amount that is
 9 $\frac{1}{4}$ of the annual loan authority under subsection (b).

10 “(e) *FEDERAL PELL GRANT AND DEGREE RECIPIENT*
 11 *AMOUNT.*—For purposes of subsection (b)(1)(C), the Sec-
 12 retary shall determine the Federal Pell Grant and degree
 13 recipient amount for each participating institution for each
 14 award year, by calculating for each such institution the
 15 ratio of—

16 “(1) the number of students who, during the
 17 most recent year for which data are available, ob-
 18 tained an associate’s degree or other postsecondary de-
 19 gree from such participating institution and, prior to
 20 obtaining such degree, received a Federal Pell Grant
 21 for attendance at any institution of higher education;
 22 to

23 “(2) the sum of the number of students who, dur-
 24 ing the most recent year for which data are available,
 25 obtained an associate’s degree or other postsecondary

1 *degree from each participating institution and, prior*
 2 *to obtaining such degree, received a Federal Pell*
 3 *Grant for attendance at any institution of higher*
 4 *education.*

5 “(f) *DEFINITIONS.—As used in this section:*

6 “(1) *ANNUAL LOAN AUTHORITY.—The term ‘an-*
 7 *nual loan authority’ means the total original prin-*
 8 *cipal amount of loans that may be allocated and*
 9 *made available for an award year to make Federal*
 10 *Direct Perkins Loans under section 455A.*

11 “(2) *AVERAGE COST OF ATTENDANCE.—*

12 “(A) *IN GENERAL.—The term ‘average cost*
 13 *of attendance’ means the average of the attend-*
 14 *ance costs for undergraduate students and for*
 15 *graduate and professional students, respectively,*
 16 *for the second preceding award year which shall*
 17 *include—*

18 “(i) *tuition and required fees deter-*
 19 *mined in accordance with subparagraph*
 20 *(B);*

21 “(ii) *standard living expenses deter-*
 22 *mined in accordance with subparagraph*
 23 *(C); and*

24 “(iii) *books and supplies determined in*
 25 *accordance with subparagraph (D).*

1 “(B) *TUITION AND REQUIRED FEES.*—The
2 *average undergraduate and graduate and profes-*
3 *sional tuition and required fees described in sub-*
4 *paragraph (A)(i) shall be computed on the basis*
5 *of information reported by the institution to the*
6 *Secretary, which shall include—*

7 “(i) *total revenue received by the insti-*
8 *tution from undergraduate and graduate*
9 *and professional students, respectively, for*
10 *tuition and required fees for the second pre-*
11 *ceding award year; and*

12 “(ii) *the institution’s full-time equiva-*
13 *lent enrollment of undergraduate and grad-*
14 *uate and professional students, respectively,*
15 *for such second preceding award year.*

16 “(C) *STANDARD LIVING EXPENSES.*—The
17 *standard living expense described in subpara-*
18 *graph (A)(ii) is equal to the allowance, deter-*
19 *mined by an institution, for room and board*
20 *costs incurred by a student, as computed in ac-*
21 *cordance with part F for the second preceding*
22 *award year.*

23 “(D) *BOOKS AND SUPPLIES.*—The *allow-*
24 *ance for books and supplies described in sub-*
25 *paragraph (A)(iii) is equal to the allowance, de-*

1 *terminated by an institution, for books, supplies,*
 2 *transportation, and miscellaneous personal ex-*
 3 *penses, including a reasonable allowance for the*
 4 *documented rental or purchase of a personal*
 5 *computer, as computed in accordance with part*
 6 *F for the second preceding award year.*

7 “(3) *AVERAGE TUITION AND REQUIRED FEES*
 8 *FOR THE INSTITUTION’S SECTOR.*—*The term ‘average*
 9 *tuition and required fees for the institution’s sector’*
 10 *shall be determined by the Secretary for each of the*
 11 *categories described in section 132(d).*

12 “(4) *ELIGIBLE INSTITUTION.*—*The term ‘eligible*
 13 *institution’ means an institution of higher education*
 14 *that participates in the Federal Direct Stafford Loan*
 15 *Program.*

16 “(5) *PARTICIPATING INSTITUTION.*—*The term*
 17 *‘participating institution’ means an institution of*
 18 *higher education that has an agreement under section*
 19 *463(f).*

20 “(6) *SECTOR.*—*The term ‘sector’ means each of*
 21 *the categories described in section 132(d).’.*

22 **SEC. 225. AGREEMENTS WITH INSTITUTIONS OF HIGHER**
 23 **EDUCATION.**

24 (a) *AMENDMENTS.*—*Section 463 (20 U.S.C. 1087cc) is*
 25 *amended—*

1 (1) *in subsection (a)—*

2 (A) *in the heading, by inserting “FOR*
 3 *LOANS MADE BEFORE JULY 1, 2010” after*
 4 *“AGREEMENTS”;*

5 (B) *in paragraph (3)(A), by inserting “be-*
 6 *fore July 1, 2010” after “students”;*

7 (C) *in paragraph (4), by striking “there-*
 8 *on—” and all that follows and inserting “there-*
 9 *on, if the institution has failed to maintain an*
 10 *acceptable collection record with respect to such*
 11 *loan, as determined by the Secretary in accord-*
 12 *ance with criteria established by regulation, the*
 13 *Secretary may require the institution to assign*
 14 *such note or agreement to the Secretary, without*
 15 *recompense;”;* and

16 (D) *in paragraph (5), by striking “and the*
 17 *Secretary shall apportion” and all that follows*
 18 *through “in accordance with section 462” and*
 19 *inserting “and the Secretary shall return a por-*
 20 *tion of funds from loan repayments to the insti-*
 21 *tution as specified in section 466(b)”;*

22 (2) *by amending subsection (b) to read as fol-*
 23 *lows:*

24 “(b) *ADMINISTRATIVE EXPENSES.—An institution*
 25 *that has entered into an agreement under subsection (a)*

1 *shall be entitled, for each fiscal year during which it serv-*
 2 *ices student loans from a student loan fund established*
 3 *under such agreement, to a payment in lieu of reimburse-*
 4 *ment for its expenses in servicing student loans made before*
 5 *July 1, 2010. Such payment shall be equal to 0.50 percent*
 6 *of the outstanding principal and interest balance of such*
 7 *loans being serviced by the institution as of September 30*
 8 *of each fiscal year.”; and*

9 *(3) by adding at the end the following:*

10 *“(f) CONTENTS OF AGREEMENTS FOR LOANS MADE ON*
 11 *OR AFTER JULY 1, 2010.—An agreement with any institu-*
 12 *tion of higher education that elects to participate in the*
 13 *Federal Direct Perkins Loan program under section 455A*
 14 *shall provide—*

15 *“(1) for the establishment and maintenance of a*
 16 *Direct Perkins Loan program at the institution under*
 17 *which the institution shall use loan authority allo-*
 18 *cated under section 462A to make loans to eligible*
 19 *students attending the institution;*

20 *“(2) that the institution, unless otherwise speci-*
 21 *fied in this subsection, shall operate the program con-*
 22 *sistent with the requirements of agreements estab-*
 23 *lished under section 454;*

24 *“(3) that the institution will pay matching*
 25 *funds, quarterly, in an amount agreed to by the insti-*

1 *tution and the Secretary, to an escrow account ap-*
 2 *proved by the Secretary, for the purpose of providing*
 3 *loan benefits to borrowers;*

4 *“(4) that if the institution fails to meet the re-*
 5 *quirements of paragraph (3), the Secretary shall sus-*
 6 *pend or terminate the institution’s eligibility to make*
 7 *Federal Direct Perkins Loans under section 455A*
 8 *until such time as the Secretary determines, in ac-*
 9 *cordance with section 498, that the institution has*
 10 *met the requirements of such paragraph; and*

11 *“(5) that if the institution ceases to be an eligi-*
 12 *ble institution within the meaning of section 435(a)*
 13 *by reason of having a cohort default rate that exceeds*
 14 *the threshold percentage specified paragraph (2) of*
 15 *such section, the Secretary shall suspend or terminate*
 16 *the institution’s eligibility to make Federal Direct*
 17 *Perkins Loans under section 455A unless and until*
 18 *the institution would qualify for a resumption of eli-*
 19 *gible institution status under such section.”.*

20 *(b) EFFECTIVE DATE.—The amendments made by*
 21 *paragraph (2) of subsection (a) shall take effect on October*
 22 *1, 2010.*

23 **SEC. 226. STUDENT LOAN INFORMATION BY ELIGIBLE IN-**
 24 **STITUTIONS.**

25 *Section 463A (20 U.S.C. 1087cc–1) is amended—*

1 (1) in subsection (a), by striking “Each institu-
 2 tion” and inserting “For loans made before July 1,
 3 2010, each institution”; and

4 (2) in subsection (b), by striking “Each institu-
 5 tion” and inserting “For loans made before July 1,
 6 2010, each institution”.

7 **SEC. 227. TERMS OF LOANS.**

8 (a) Section 464 (20 U.S.C. 1087dd) is amended—

9 (1) in subsection (a)(1), by striking “section
 10 463” and inserting “section 463(a)”;

11 (2) in subsection (b)(1), by inserting “made be-
 12 fore July 1, 2010,” after “A loan”;

13 (3) in subsection (c)—

14 (A) in paragraph (1), by inserting “made
 15 before July 1, 2010,” after “a loan”;

16 (B) in paragraph (2)—

17 (i) in subparagraph (A), by inserting
 18 “made before July 1, 2010,” after “any
 19 loan”; and

20 (ii) in subparagraph (B), by inserting
 21 “made before July 1, 2010,” after “any
 22 loan”;

23 (C) in paragraph (3)(B), by inserting “for
 24 a loan made before July 1, 2010,” after “during
 25 the repayment period”;

1 (D) in paragraph (4), by inserting “before
2 July 1, 2010,” after “for a loan made”;

3 (E) in paragraph (5), by striking “The in-
4 stitution” and inserting “For loans made before
5 July 1, 2010, the institution”; and

6 (F) in paragraph (6), by inserting “made
7 before July 1, 2010,” after “of loans”;

8 (4) in subsection (d), by inserting “made before
9 July 1, 2010,” before “from the student loan fund”;

10 (5) in subsection (e), by inserting “with respect
11 to loans made before July 1, 2010, and” before “as
12 documented in accordance with paragraph (2),”;

13 (6) by repealing subsection (f);

14 (7) in subsection (g)(1), by inserting “and before
15 July 1, 2010,” after “January 1, 1986,”;

16 (8) in subsection (h)—

17 (A) in paragraph (1)(A) by inserting “be-
18 fore July 1, 2010,” after “made under this
19 part”; and

20 (B) in paragraph (2), by inserting “before
21 July 1, 2010,” after “under this part”; and

22 (9) in subsection (j)(1), by inserting “before July
23 1, 2010,” after “under this part”.

1 **SEC. 228. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
 2 **FUNDS.**

3 *(a) Section 465 (20 U.S.C. 1087ee) is amended—*

4 *(1) in subsection (a), by inserting “and before*
 5 *July 1, 2010,” after “June 30, 1972,”; and*

6 *(2) by amending subsection (b) to read as fol-*
 7 *lows:*

8 *“(b) REIMBURSEMENT FOR CANCELLATIONS.—*

9 *“(1) ASSIGNED LOANS.—In the case of loans*
 10 *made under this part before July 1, 2010, and that*
 11 *are assigned to the Secretary, the Secretary shall,*
 12 *from amounts repaid each quarter on assigned Per-*
 13 *kins Loans made before July 1, 2010, pay to each in-*
 14 *stitution for each quarter an amount equal to—*

15 *“(A) the aggregate of the amounts of loans*
 16 *from its student loan fund that are canceled pur-*
 17 *suant to this section for such quarter, minus*

18 *“(B) an amount equal to the aggregate of*
 19 *the amounts of any such loans so canceled that*
 20 *were made from Federal capital contributions to*
 21 *its student loan fund.*

22 *“(2) RETAINED LOANS.—In the case of loans*
 23 *made under this part before July 1, 2010, and that*
 24 *are retained by the institution for servicing, the insti-*
 25 *tution shall deduct from loan repayments owed to the*
 26 *Secretary under section 466, an amount equal to—*

1 “(A) the aggregate of the amounts of loans
 2 from its student loan fund that are canceled pur-
 3 suant to this section for such quarter, minus

4 “(B) an amount equal to the aggregate of
 5 the amounts of any such loans so canceled that
 6 were made from Federal capital contributions to
 7 its student loan fund.”.

8 (b) Section 466 (20 U.S.C. 1087ff) is amended to read
 9 as follows:

10 **“SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
 11 **FUNDS.**

12 “(a) CAPITAL DISTRIBUTION.—Beginning July 1,
 13 2010, there shall be a capital distribution of the balance
 14 of the student loan fund established under this part by each
 15 institution of higher education as follows:

16 “(1) For the quarter beginning July 1, 2010, the
 17 Secretary shall first be paid, no later than September
 18 30, 2010, an amount that bears the same ratio to the
 19 cash balance in such fund at the close of June 30,
 20 2010, as the total amount of the Federal capital con-
 21 tributions to such fund by the Secretary under this
 22 part bears to—

23 “(A) the sum of such Federal contributions
 24 and the institution’s capital contributions to
 25 such fund, less

1 “(B) an amount equal to—

2 “(i) the institution’s outstanding ad-
3 ministrative costs as calculated under sec-
4 tion 463(b),

5 “(ii) outstanding charges assessed
6 under section 464(c)(1)(H), and

7 “(iii) outstanding loan cancellation
8 costs incurred under section 465.

9 “(2) At the end of each quarter subsequent to the
10 quarter ending September 30, 2010, the Secretary
11 shall first be paid an amount that bears the same
12 ratio to the cash balance in such fund at the close of
13 the preceding quarter, as the total amount of the Fed-
14 eral capital contributions to such fund by the Sec-
15 retary under this part bears to—

16 “(A) the sum of such Federal contributions
17 and the institution’s capital contributions to
18 such fund, less

19 “(B) an amount equal to—

20 “(i) the institution’s administrative
21 costs incurred for that quarter as calculated
22 under section 463(b),

23 “(ii) charges assessed for that quarter
24 under section 464(c)(1)(H), and

1 “(iii) loan cancellation costs incurred
2 for that quarter under section 465.

3 “(3)(A) The Secretary shall calculate the
4 amounts due to the Secretary under paragraph (1)
5 (adjusted in accordance with subparagraph (B), as
6 appropriate) and paragraph (2) and shall promptly
7 inform the institution of such calculated amounts.

8 “(B) In the event that, prior to the date of enact-
9 ment of the Student Aid and Fiscal Responsibility
10 Act of 2009, an institution made a short-term, inter-
11 est-free loan to the institution’s student loan fund es-
12 tablished under this part in anticipation of collections
13 or receipt of Federal capital contributions, and the
14 institution demonstrates to the Secretary, on or before
15 June 30, 2010, that such loan will still be out-
16 standing after June 30, 2010, the Secretary shall sub-
17 tract the amount of such outstanding loan from the
18 cash balance of the institution’s student loan fund
19 that is used to calculate the amount due to the Sec-
20 retary under paragraph (1). An adjustment of an
21 amount due to the Secretary under this subparagraph
22 shall be made by the Secretary on a case-by-case
23 basis.

24 “(4) Any remaining balance at the end of a
25 quarter after a payment under paragraph (1) or (2)

1 *shall be retained by the institution for use at its dis-*
2 *cretion. Any balance so retained shall be withdrawn*
3 *from the student loan fund and shall not be counted*
4 *in calculating amounts owed to the Secretary for sub-*
5 *sequent quarters.*

6 *“(5) Each institution shall make the quarterly*
7 *payments to the Secretary described in paragraph (2)*
8 *until all outstanding Federal Perkins Loans at that*
9 *institution have been assigned to the Secretary and*
10 *there are no funds remaining in the institution’s stu-*
11 *dent loan fund.*

12 *“(6) In the event that the institution’s adminis-*
13 *trative costs, charges, and cancellation costs described*
14 *in paragraph (2) for a quarter exceed the amount*
15 *owed to the Secretary under paragraphs (1) and (2)*
16 *for that quarter, no payment shall be due to the Sec-*
17 *retary from the institution for that quarter and the*
18 *Secretary shall pay the institution, from funds real-*
19 *ized from the collection of assigned Federal Perkins*
20 *Loans made before July 1, 2010, an amount that,*
21 *when combined with the amount retained by the in-*
22 *stitution under paragraphs (1) and (2), equals the*
23 *full amount of such administrative costs, charges, and*
24 *cancellation costs.*

1 “(b) *ASSIGNMENT OF OUTSTANDING LOANS.*—*Begin-*
 2 *ning July 1, 2010, an institution of higher education may*
 3 *assign all outstanding loans made under this part before*
 4 *July 1, 2010, to the Secretary, consistent with the require-*
 5 *ments of section 463(a)(5). In collecting loans so assigned,*
 6 *the Secretary shall pay an institution an amount that con-*
 7 *stitutes the same fraction of such collections as the fraction*
 8 *of the cash balance that the institution retains under sub-*
 9 *section (a)(2), but determining such fraction without regard*
 10 *to subparagraph (B)(i) of such subsection.”.*

11 **SEC. 229. IMPLEMENTATION OF NON-TITLE IV REVENUE RE-**
 12 **QUIREMENT.**

13 (a) *AMENDMENTS.*—*Section 487(d) (20 U.S.C.*
 14 *1094(d)) is amended—*

15 (1) *in paragraph (1)(E), by striking “July 1,*
 16 *2011” and inserting “July 1, 2012”;*

17 (2) *in paragraph (1)(F)—*

18 (A) *by redesignating clauses (iii), (iv), and*
 19 *(v) as clauses (iv), (v), and (vi), respectively;*
 20 *and*

21 (B) *by inserting after clause (ii) the fol-*
 22 *lowing new clause:*

23 “(iii) *for the period beginning July 1,*
 24 *2010, and ending July 1, 2012, the amount*

1 of funds the institution received from loans
2 disbursed under section 455A;”;

3 (3) in paragraph (2)(A), by striking “two con-
4 secutive” and inserting “three consecutive”; and

5 (4) in paragraph (2)(B)—

6 (A) by striking “any institutional fiscal
7 year” and inserting “two consecutive institu-
8 tional fiscal years”;

9 (B) by striking “the two institutional fiscal
10 years after the institutional fiscal year” and in-
11 serting “the institutional fiscal year after the
12 second consecutive institutional fiscal year”; and

13 (C) by striking “two consecutive” in clause
14 (ii) of such paragraph and inserting “three con-
15 secutive”.

16 (b) *TEMPORARY EFFECT.*—The amendments made by
17 paragraphs (3) and (4) of subsection (a)—

18 (1) shall take effect on the date of enactment of
19 this Act; and

20 (2) shall cease to be effective on July 1, 2012.

21 **SEC. 230. ADMINISTRATIVE EXPENSES.**

22 Section 489(a) (20 U.S.C. 1096(a)) is amended—

23 (1) in the second sentence, by striking “or under
24 part E of this title”; and

25 (2) in the third sentence—

(A) by inserting “and” after “subpart 3 of part A,”; and

(B) by striking “compensation of students,” and all that follows through the period and inserting “compensation of students.”.

**TITLE III—MODERNIZATION,
RENOVATION, AND REPAIR**
***Subtitle A—Elementary and
Secondary Education***

SEC. 301. DEFINITIONS.

In this subtitle:

(1) The term “Bureau-funded school” has the meaning given such term in section 1141 of the Education Amendments of 1978 (25 U.S.C. 2021).

(2) The term “charter school” has the meaning given such term in section 5210 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7221i).

(3) The term “CHPS Criteria” means the green building rating program developed by the Collaborative for High Performance Schools.

(4) The term “Energy Star” means the Energy Star program of the United States Department of Energy and the United States Environmental Protection Agency.

1 (5) *The term “Green Globes” means the Green*
2 *Building Initiative environmental design and rating*
3 *system referred to as Green Globes.*

4 (6) *The term “LEED Green Building Rating*
5 *System” means the United States Green Building*
6 *Council Leadership in Energy and Environmental*
7 *Design green building rating standard referred to as*
8 *LEED Green Building Rating System.*

9 (7) *The term “local educational agency”—*

10 *(A) has the meaning given such term in sec-*
11 *tion 9101 of the Elementary and Secondary*
12 *Education Act of 1965 (20 U.S.C. 7801);*

13 *(B) includes any public charter school that*
14 *constitutes a local educational agency under*
15 *State law; and*

16 *(C) includes the Recovery School District of*
17 *Louisiana.*

18 (8) *The term “outlying area”—*

19 *(A) means the United States Virgin Islands,*
20 *Guam, American Samoa, and the Common-*
21 *wealth of the Northern Mariana Islands; and*

22 *(B) includes the Republic of Palau.*

23 (9) *The term “public school facilities” means ex-*
24 *isting public elementary or secondary school facilities,*
25 *including public charter school facilities and other ex-*

1 *isting facilities planned for adaptive reuse as public*
 2 *charter school facilities.*

3 (10) *The term “Secretary” means the Secretary*
 4 *of Education.*

5 (11) *The term “State” means each of the 50*
 6 *States, the District of Columbia, and the Common-*
 7 *wealth of Puerto Rico.*

8 **CHAPTER 1—GRANTS FOR MODERNIZA-**
 9 **TION, RENOVATION, OR REPAIR OF**
 10 **PUBLIC SCHOOL FACILITIES**

11 **SEC. 311. PURPOSE.**

12 *Grants under this chapter shall be for the purpose of*
 13 *modernizing, renovating, or repairing public school facili-*
 14 *ties (including early learning facilities, as appropriate),*
 15 *based on the need of the facilities for such improvements,*
 16 *to ensure that public school facilities are safe, healthy, high-*
 17 *performing, and technologically up-to-date.*

18 **SEC. 312. ALLOCATION OF FUNDS.**

19 (a) *RESERVATION.—*

20 (1) *IN GENERAL.—From the amount appro-*
 21 *priated to carry out this chapter for each fiscal year*
 22 *pursuant to section 345(a), the Secretary shall reserve*
 23 *2 percent of such amount, consistent with the purpose*
 24 *described in section 311—*

1 (A) to provide assistance to the outlying
2 areas; and

3 (B) for payments to the Secretary of the In-
4 terior to provide assistance to Bureau-funded
5 schools.

6 (2) *USE OF RESERVED FUNDS.*—In each fiscal
7 year, the amount reserved under paragraph (1) shall
8 be divided between the uses described in subpara-
9 graphs (A) and (B) of such paragraph in the same
10 proportion as the amount reserved under section
11 1121(a) of the Elementary and Secondary Education
12 Act of 1965 (20 U.S.C. 6331(a)) is divided between
13 the uses described in paragraphs (1) and (2) of such
14 section 1121(a) in such fiscal year.

15 (3) *DISTRESSED AREAS AND NATURAL DISAS-*
16 *TERS.*—From the amount appropriated to carry out
17 this chapter for each fiscal year pursuant to section
18 345(a), the Secretary shall reserve 5 percent of such
19 amount for grants to—

20 (A) local educational agencies serving geo-
21 graphic areas with significant economic distress,
22 to be used consistent with the purpose described
23 in section 311 and the allowable uses of funds
24 described in section 313; and

1 (B) *local educational agencies serving geo-*
 2 *graphic areas recovering from a natural disaster,*
 3 *to be used consistent with the purpose described*
 4 *in section 321 and the allowable uses of funds*
 5 *described in section 323.*

6 (b) *ALLOCATION TO STATES.—*

7 (1) *STATE-BY-STATE ALLOCATION.—Of the*
 8 *amount appropriated to carry out this chapter for*
 9 *each fiscal year pursuant to section 345(a), and not*
 10 *reserved under subsection (a), each State shall be allo-*
 11 *cated an amount in proportion to the amount re-*
 12 *ceived by all local educational agencies in the State*
 13 *under part A of title I of the Elementary and Sec-*
 14 *ondary Education Act of 1965 (20 U.S.C. 6311 et*
 15 *seq.) for the previous fiscal year relative to the total*
 16 *amount received by all local educational agencies in*
 17 *every State under such part for such fiscal year.*

18 (2) *STATE ADMINISTRATION.—A State may re-*
 19 *serve up to 1 percent of its allocation under para-*
 20 *graph (1) to carry out its responsibilities under this*
 21 *chapter, which include—*

22 (A) *providing technical assistance to local*
 23 *educational agencies;*

24 (B) *developing an online, publicly search-*
 25 *able database that includes an inventory of pub-*

1 *lic school facilities in the State, including for*
2 *each such facility, its design, condition, mod-*
3 *ernization, renovation and repair needs, utiliza-*
4 *tion, energy use, and carbon footprint; and*

5 *(C) creating voluntary guidelines for high-*
6 *performing school buildings, including guidelines*
7 *concerning the following:*

8 *(i) Site location, storm water manage-*
9 *ment, outdoor surfaces, outdoor lighting,*
10 *and transportation, including public transit*
11 *and pedestrian and bicycle accessibility.*

12 *(ii) Outdoor water systems, land-*
13 *scaping to minimize water use, including*
14 *elimination of irrigation systems for land-*
15 *scaping, and indoor water use reduction.*

16 *(iii) Energy efficiency (including min-*
17 *imum and superior standards, such as for*
18 *heating, ventilation, and air conditioning*
19 *systems), use of alternative energy sources,*
20 *commissioning, and training.*

21 *(iv) Use of durable, sustainable mate-*
22 *rials and waste reduction.*

23 *(v) Indoor environmental quality, such*
24 *as day lighting in classrooms, lighting qual-*
25 *ity, indoor air quality (including with ref-*

erence to reducing the incidence and effects of asthma and other respiratory illnesses), acoustics, and thermal comfort.

(vi) Operations and management, such as use of energy-efficient equipment, indoor environmental management plan, maintenance plan, and pest management.

(3) GRANTS TO LOCAL EDUCATIONAL AGENCIES.—From the amount allocated to a State under paragraph (1), each eligible local educational agency in the State shall receive an amount in proportion to the amount received by such local educational agency under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the previous fiscal year relative to the total amount received by all local educational agencies in the State under such part for such fiscal year, except that no local educational agency that received funds under such part for such fiscal year shall receive a grant of less than \$5,000 in any fiscal year under this chapter.

(4) SPECIAL RULE.—Section 1122(c)(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6332(c)(3)) shall not apply to paragraph (1) or (3).

1 (c) *SPECIAL RULES.*—

2 (1) *DISTRIBUTIONS BY SECRETARY.*—*The Sec-*
 3 *retary shall make and distribute the reservations and*
 4 *allocations described in subsections (a) and (b) not*
 5 *later than 120 days after an appropriation of funds*
 6 *for this chapter is made.*

7 (2) *DISTRIBUTIONS BY STATES.*—*A State shall*
 8 *make and distribute the allocations described in sub-*
 9 *section (b)(3) within 90 days of receiving such funds*
 10 *from the Secretary.*

11 **SEC. 313. ALLOWABLE USES OF FUNDS.**

12 *A local educational agency receiving a grant under*
 13 *this chapter shall use the grant for modernization, renova-*
 14 *tion, or repair of public school facilities (including early*
 15 *learning facilities, as appropriate), including—*

16 (1) *repair, replacement, or installation of roofs,*
 17 *including extensive, intensive or semi-intensive green*
 18 *roofs, electrical wiring, water supply and plumbing*
 19 *systems, sewage systems, storm water runoff systems,*
 20 *lighting systems, building envelope, windows, ceilings,*
 21 *flooring, or doors, including security doors;*

22 (2) *repair, replacement, or installation of heat-*
 23 *ing, ventilation, or air conditioning systems, includ-*
 24 *ing insulation, and conducting indoor air quality as-*
 25 *sessments;*

1 (3) *compliance with fire, health, seismic, and*
2 *safety codes, including professional installation of fire*
3 *and life safety alarms, and modernizations, renova-*
4 *tions, and repairs that ensure that schools are pre-*
5 *pared for emergencies, such as improving building in-*
6 *frastructure to accommodate security measures and*
7 *installing or upgrading technology to ensure that*
8 *schools are able to respond to emergencies such as acts*
9 *of terrorism, campus violence, and natural disasters;*

10 (4) *retrofitting necessary to increase the energy*
11 *efficiency and water efficiency of public school facili-*
12 *ties;*

13 (5) *modifications necessary to make facilities ac-*
14 *cessible in compliance with the Americans with Dis-*
15 *abilities Act of 1990 (42 U.S.C. 12101 et seq.) and*
16 *section 504 of the Rehabilitation Act of 1973 (29*
17 *U.S.C. 794);*

18 (6) *abatement, removal, or interim controls of*
19 *asbestos, polychlorinated biphenyls, mold, mildew,*
20 *lead-based hazards, including lead-based paint haz-*
21 *ards, or a proven carcinogen;*

22 (7) *measures designed to reduce or eliminate*
23 *human exposure to classroom noise and environ-*
24 *mental noise pollution;*

1 (8) *modernization, renovation, or repair nec-*
2 *essary to reduce the consumption of coal, electricity,*
3 *land, natural gas, oil, or water;*

4 (9) *installation or upgrading of educational*
5 *technology infrastructure;*

6 (10) *modernization, renovation, or repair of*
7 *science and engineering laboratories, libraries, and*
8 *career and technical education facilities, and im-*
9 *provements to building infrastructure to accommodate*
10 *bicycle and pedestrian access;*

11 (11) *installation or upgrading of renewable en-*
12 *ergy generation and heating systems, including solar,*
13 *photovoltaic, wind, biomass (including wood pellet*
14 *and woody biomass), waste-to-energy, and solar-ther-*
15 *mal and geothermal systems, and for energy audits;*

16 (12) *measures designed to reduce or eliminate*
17 *human exposure to airborne particles such as dust,*
18 *sand, and pollens;*

19 (13) *creating greenhouses, gardens (including*
20 *trees), and other facilities for environmental, sci-*
21 *entific, or other educational purposes, or to produce*
22 *energy savings;*

23 (14) *modernizing, renovating, or repairing phys-*
24 *ical education facilities for students, including up-*
25 *grading or installing recreational structures made*

1 *from post-consumer recovered materials in accordance*
2 *with the comprehensive procurement guidelines pre-*
3 *pared by the Administrator of the Environmental*
4 *Protection Agency under section 6002(e) of the Solid*
5 *Waste Disposal Act (42 U.S.C. 6962(e));*

6 *(15) other modernization, renovation, or repair*
7 *of public school facilities to—*

8 *(A) improve teachers’ ability to teach and*
9 *students’ ability to learn;*

10 *(B) ensure the health and safety of students*
11 *and staff;*

12 *(C) make them more energy efficient; or*

13 *(D) reduce class size; and*

14 *(16) required environmental remediation related*
15 *to modernization, renovation, or repair described in*
16 *paragraphs (1) through (15).*

17 **SEC. 314. PRIORITY PROJECTS.**

18 *In selecting a project under section 313, a local edu-*
19 *cational agency may give priority to projects involving the*
20 *abatement, removal, or interim controls of asbestos, poly-*
21 *chlorinated biphenyls, mold, mildew, lead-based hazards,*
22 *including lead-based paint hazards, or a proven carcinogen.*

1 **CHAPTER 2—SUPPLEMENTAL GRANTS**
2 **FOR LOUISIANA, MISSISSIPPI, AND**
3 **ALABAMA**

4 **SEC. 321. PURPOSE.**

5 *Grants under this chapter shall be for the purpose of*
6 *modernizing, renovating, repairing, or constructing public*
7 *school facilities, including, where applicable, early learning*
8 *facilities, based on the need for such improvements or con-*
9 *struction, to ensure that public school facilities are safe,*
10 *healthy, high-performing, and technologically up-to-date.*

11 **SEC. 322. ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.**

12 *(a) IN GENERAL.—Of the amount appropriated to*
13 *carry out this chapter for each fiscal year pursuant to sec-*
14 *tion 345(b), the Secretary shall allocate to local educational*
15 *agencies in Louisiana, Mississippi, and Alabama an*
16 *amount equal to the infrastructure damage inflicted on*
17 *public school facilities in each such district by Hurricane*
18 *Katrina or Hurricane Rita in 2005 relative to the total*
19 *of such infrastructure damage so inflicted in all such dis-*
20 *tricts, combined.*

21 *(b) DISTRIBUTION BY SECRETARY.—The Secretary*
22 *shall determine and distribute the allocations described in*
23 *subsection (a) not later than 120 days after an appropria-*
24 *tion of funds for this chapter is made.*

1 **SEC. 323. ALLOWABLE USES OF FUNDS.**

2 *A local educational agency receiving a grant under*
 3 *this chapter shall use the grant for one or more of the activi-*
 4 *ties described in section 313, except that an agency receiv-*
 5 *ing a grant under this chapter also may use the grant for*
 6 *the construction of new public school facilities.*

7 **CHAPTER 3—GENERAL PROVISIONS**

8 **SEC. 331. IMPERMISSIBLE USES OF FUNDS.**

9 *No funds received under this subtitle may be used for—*

10 (1) *payment of maintenance costs, including*
 11 *routine repairs classified as current expenditures*
 12 *under State or local law;*

13 (2) *stadiums or other facilities primarily used*
 14 *for athletic contests or exhibitions or other events for*
 15 *which admission is charged to the general public;*

16 (3) *improvement or construction of facilities the*
 17 *purpose of which is not the education of children, in-*
 18 *cluding central office administration or operations or*
 19 *logistical support facilities; or*

20 (4) *purchasing carbon offsets.*

21 **SEC. 332. SUPPLEMENT, NOT SUPPLANT.**

22 *A local educational agency receiving a grant under*
 23 *this subtitle shall use such Federal funds only to supplement*
 24 *and not supplant the amount of funds that would, in the*
 25 *absence of such Federal funds, be available for moderniza-*

1 *tion, renovation, repair, and construction of public school*
 2 *facilities.*

3 **SEC. 333. PROHIBITION REGARDING STATE AID.**

4 *A State shall not take into consideration payments*
 5 *under this subtitle in determining the eligibility of any*
 6 *local educational agency in that State for State aid, or the*
 7 *amount of State aid, with respect to free public education*
 8 *of children.*

9 **SEC. 334. MAINTENANCE OF EFFORT.**

10 *(a) IN GENERAL.—A local educational agency may re-*
 11 *ceive a grant under this subtitle for any fiscal year only*
 12 *if either the combined fiscal effort per student or the aggre-*
 13 *gate expenditures of the agency and the State involved with*
 14 *respect to the provision of free public education by the agen-*
 15 *cy for the preceding fiscal year was not less than 90 percent*
 16 *of the combined fiscal effort or aggregate expenditures for*
 17 *the second preceding fiscal year.*

18 *(b) REDUCTION IN CASE OF FAILURE TO MEET MAIN-*
 19 *TENANCE OF EFFORT REQUIREMENT.—*

20 *(1) IN GENERAL.—The State educational agency*
 21 *shall reduce the amount of a local educational agen-*
 22 *cy's grant in any fiscal year in the exact proportion*
 23 *by which a local educational agency fails to meet the*
 24 *requirement of subsection (a) by falling below 90 per-*
 25 *cent of both the combined fiscal effort per student and*

1 *aggregate expenditures (using the measure most favor-*
 2 *able to the local agency).*

3 (2) *SPECIAL RULE.—No such lesser amount shall*
 4 *be used for computing the effort required under sub-*
 5 *section (a) for subsequent years.*

6 (c) *WAIVER.—The Secretary shall waive the require-*
 7 *ments of this section if the Secretary determines that a*
 8 *waiver would be equitable due to—*

9 (1) *exceptional or uncontrollable circumstances,*
 10 *such as a natural disaster; or*

11 (2) *a precipitous decline in the financial re-*
 12 *sources of the local educational agency.*

13 **SEC. 335. SPECIAL RULE ON CONTRACTING.**

14 *Each local educational agency receiving a grant under*
 15 *this subtitle shall ensure that, if the agency carries out mod-*
 16 *ernization, renovation, repair, or construction through a*
 17 *contract, the process for any such contract ensures the max-*
 18 *imum number of qualified bidders, including local, small,*
 19 *minority, and women- and veteran-owned businesses,*
 20 *through full and open competition.*

21 **SEC. 336. USE OF AMERICAN IRON, STEEL, AND MANUFAC-**
 22 **TURED GOODS.**

23 (a) *IN GENERAL.—None of the funds appropriated or*
 24 *otherwise made available by this subtitle may be used for*
 25 *a project for the modernization, renovation, repair, or con-*

1 *struction of a public school facility unless all of the iron,*
2 *steel, and manufactured goods used in the project are pro-*
3 *duced in the United States.*

4 **(b) EXCEPTIONS.**—*Subsection (a) shall not apply in*
5 *any case or category of cases in which the Secretary finds*
6 *that—*

7 *(1) applying subsection (a) would be inconsistent*
8 *with the public interest;*

9 *(2) iron, steel, and the relevant manufactured*
10 *goods are not produced in the United States in suffi-*
11 *cient and reasonably available quantities and of a*
12 *satisfactory quality; or*

13 *(3) inclusion of iron, steel, and manufactured*
14 *goods produced in the United States will increase the*
15 *cost of the overall project by more than 25 percent.*

16 **(c) PUBLICATION OF JUSTIFICATION.**—*If the Secretary*
17 *determines that it is necessary to waive the application of*
18 *subsection (a) based on a finding under subsection (b), the*
19 *Secretary shall publish in the Federal Register a detailed*
20 *written justification of the determination.*

21 **(d) CONSTRUCTION.**—*This section shall be applied in*
22 *a manner consistent with United States obligations under*
23 *international agreements.*

1 **SEC. 337. LABOR STANDARDS.**

2 *The grant programs under this subtitle are applicable*
 3 *programs (as that term is defined in section 400 of the Gen-*
 4 *eral Education Provisions Act (20 U.S.C. 1221)) subject to*
 5 *section 439 of such Act (20 U.S.C. 1232b).*

6 **SEC. 338. CHARTER SCHOOLS.**

7 *(a) IN GENERAL.—A local educational agency receiv-*
 8 *ing an allocation under this subtitle shall reserve an*
 9 *amount of that allocation for charter schools within its ju-*
 10 *risdiction for modernization, renovation, repair, and con-*
 11 *struction of charter school facilities.*

12 *(b) DETERMINATION OF RESERVED AMOUNT.—The*
 13 *amount to be reserved by a local educational agency under*
 14 *subsection (a) shall be determined based on the combined*
 15 *percentage of students counted under section 1113(a)(5) of*
 16 *the Elementary and Secondary Education Act of 1965 (20*
 17 *U.S.C. 6313(a)(5)) in the schools of the agency who—*

18 *(1) are enrolled in charter schools; and*
 19 *(2) the local educational agency, in consultation*
 20 *with the authorized public chartering agency, expects*
 21 *to be enrolled, during the year with respect to which*
 22 *the reservation is made, in charter schools that are*
 23 *scheduled to commence operation during such year.*

24 *(c) SCHOOL SHARE.—Individual charter schools shall*
 25 *receive a share of the amount reserved under subsection (a)*
 26 *based on the need of each school for modernization, renova-*

1 tion, repair, or construction, as determined by the local edu-
 2 cational agency in consultation with charter school admin-
 3 istrators.

4 (d) *EXCESS FUNDS.*—After the consultation described
 5 in subsection (c), if the local educational agency determines
 6 that the amount of funds reserved under subsection (a) ex-
 7 ceeds the modernization, renovation, repair, and construc-
 8 tion needs of charter schools within the local educational
 9 agency’s jurisdiction, the agency may use the excess funds
 10 for other public school facility modernization, renovation,
 11 repair, or construction consistent with this subtitle and is
 12 not required to carry over such funds to the following fiscal
 13 year for use for charter schools.

14 **SEC. 339. GREEN SCHOOLS.**

15 (a) *IN GENERAL.*—Of the funds appropriated for a
 16 given fiscal year and made available to a local educational
 17 agency to carry out this subtitle, the local educational agen-
 18 cy shall use not less than the applicable percentage (de-
 19 scribed in subsection (b)) of such funds for public school
 20 modernization, renovation, repair, or construction that are
 21 certified, verified, or consistent with any applicable provi-
 22 sions of—

- 23 (1) *the LEED Green Building Rating System;*
- 24 (2) *Energy Star;*
- 25 (3) *the CHPS Criteria;*

1 (4) *Green Globes*; or

2 (5) *an equivalent program adopted by the State,*
3 *or another jurisdiction with authority over the local*
4 *educational agency, that includes a verifiable method*
5 *to demonstrate compliance with such program.*

6 (b) *APPLICABLE PERCENTAGES.*—*The applicable per-*
7 *centage described in subsection (a) is—*

8 (1) *for funds appropriated in fiscal year 2010,*
9 *50 percent; and*

10 (2) *for funds appropriated in fiscal year 2011,*
11 *75 percent.*

12 (c) *RULE OF CONSTRUCTION.*—*Nothing in this section*
13 *shall be construed to prohibit a local educational agency*
14 *from using sustainable, domestic hardwood lumber as*
15 *ascertained through the forest inventory and analysis pro-*
16 *gram of the Forest Service of the Department of Agriculture*
17 *under the Forest and Rangeland Renewable Resources Re-*
18 *search Act of 1978 (16 U.S.C. 1641 et seq.) for public school*
19 *modernization, renovation, repairs, or construction.*

20 (d) *TECHNICAL ASSISTANCE.*—*The Secretary, in con-*
21 *sultation with the Secretary of Energy and the Adminis-*
22 *trator of the Environmental Protection Agency, shall pro-*
23 *vide outreach and technical assistance to States and local*
24 *educational agencies concerning the best practices in school*
25 *modernization, renovation, repair, and construction, in-*

cluding those related to student academic achievement, student and staff health, energy efficiency, and environmental protection.

SEC. 340. REPORTING.

(a) *REPORTS BY LOCAL EDUCATIONAL AGENCIES.*—
Local educational agencies receiving a grant under this subtitle shall annually compile a report describing the projects for which such funds were used, including—

(1) the number and identity of public schools in the agency, including the number of charter schools, and for each school, the total number of students, and the number of students counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));

(2) the total amount of funds received by the local educational agency under this subtitle, and for each public school in the agency, including each charter school, the amount of such funds expended, and the types of modernization, renovation, repair, or construction projects for which such funds were used;

(3) the number of students impacted by such projects, including the number of students so impacted who are counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));

1 (4) *the number of public schools in the agency*
2 *with a metro-centric locale code of 41, 42, or 43 as*
3 *determined by the National Center for Education Sta-*
4 *tistics and the percentage of funds received by the*
5 *agency under chapter 1 or chapter 2 of this subtitle*
6 *that were used for projects at such schools;*

7 (5) *the number of public schools in the agency*
8 *that are eligible for schoolwide programs under sec-*
9 *tion 1114 of the Elementary and Secondary Edu-*
10 *cation Act of 1965 (20 U.S.C. 6314) and the percent-*
11 *age of funds received by the agency under chapter 1*
12 *or chapter 2 of this subtitle that were used for projects*
13 *at such schools;*

14 (6) *for each project—*

15 (A) *the cost;*

16 (B) *the standard described in section 339(a)*
17 *with which the use of the funds complied or, if*
18 *the use of funds did not comply with a standard*
19 *described in section 339(a), the reason such*
20 *funds were not able to be used in compliance*
21 *with such standards and the agency's efforts to*
22 *use such funds in an environmentally sound*
23 *manner; and*

24 (C) *any demonstrable or expected benefits as*
25 *a result of the project (such as energy savings,*

1 *improved indoor environmental quality, student*
2 *and staff health, including the reduction of the*
3 *incidence and effects of asthma and other res-*
4 *piratory illnesses, and improved climate for*
5 *teaching and learning); and*

6 *(7) the total number and amount of contracts*
7 *awarded, and the number and amount of contracts*
8 *awarded to local, small, minority, women, and vet-*
9 *eran-owned businesses.*

10 ***(b) AVAILABILITY OF REPORTS.***—*A local educational*
11 *agency shall—*

12 *(1) submit the report described in subsection (a)*
13 *to the State educational agency, which shall compile*
14 *such information and report it annually to the Sec-*
15 *retary; and*

16 *(2) make the report described in subsection (a)*
17 *publicly available, including on the agency’s website.*

18 ***(c) REPORTS BY SECRETARY.***—*Not later than March*
19 *31 of each fiscal year, the Secretary shall submit to the*
20 *Committee on Education and Labor of the House of Rep-*
21 *resentatives and the Committee on Health, Education,*
22 *Labor and Pensions of the Senate, and make available on*
23 *the Department of Education’s website, a report on grants*
24 *made under this subtitle, including the information from*
25 *the reports described in subsection (b)(1).*

1 **SEC. 341. SPECIAL RULES.**

2 *Notwithstanding any other provision of this subtitle,*
 3 *none of the funds authorized by this subtitle may be—*

4 *(1) used to employ workers in violation of sec-*
 5 *tion 274A of the Immigration and Nationality Act (8*
 6 *U.S.C. 1324a); or*

7 *(2) distributed to a local educational agency that*
 8 *does not have a policy that requires a criminal back-*
 9 *ground check on all employees of the agency.*

10 **SEC. 342. PROMOTION OF EMPLOYMENT EXPERIENCES.**

11 *The Secretary of Education, in consultation with the*
 12 *Secretary of Labor, shall work with recipients of funds*
 13 *under this subtitle to promote appropriate opportunities to*
 14 *gain employment experience working on modernization,*
 15 *renovation, repair, and construction projects funded under*
 16 *this subtitle for—*

17 *(1) participants in a YouthBuild program (as*
 18 *defined in section 173A of the Workforce Investment*
 19 *Act of 1998 (29 U.S.C. 2918a));*

20 *(2) individuals enrolled in the Job Corps pro-*
 21 *gram carried out under subtitle C of title I of the*
 22 *Workforce Investment Act of 1998 (29 U.S.C. 2881 et*
 23 *seq.);*

24 *(3) individuals enrolled in a junior or commu-*
 25 *nity college (as defined in section 312(f) of the Higher*
 26 *Education Act of 1965 (20 U.S.C. 1088(f))) certificate*

1 or degree program relating to projects described in
2 section 339(a); and

3 (4) participants in preapprenticeship programs
4 that have direct linkages with apprenticeship pro-
5 grams that are registered with the Department of
6 Labor or a State Apprenticeship Agency under the
7 National Apprenticeship Act of 1937 (29 U.S.C. 50 et
8 seq.).

9 **SEC. 343. ADVISORY COUNCIL ON GREEN, HIGH-PER-**
10 **FORMING PUBLIC SCHOOL FACILITIES.**

11 (a) *ESTABLISHMENT OF ADVISORY COUNCIL.*—The
12 Secretary shall establish an advisory council to be known
13 as the “Advisory Council on Green, High-Performing Pub-
14 lic School Facilities” (in this section referred to as the “Ad-
15 visory Council”) which shall be composed of—

16 (1) appropriate officials from the Department of
17 Education;

18 (2) representatives of the academic, architectural,
19 business, education, engineering, environmental,
20 labor, and scientific communities; and

21 (3) such other representatives as the Secretary
22 deems appropriate.

23 (b) *DUTIES OF ADVISORY COUNCIL.*—

1 (1) *ADVISORY DUTIES.*—*The Advisory Council*
2 *shall advise the Secretary on the impact of green,*
3 *high-performing schools, on—*

4 *(A) teaching and learning;*

5 *(B) health;*

6 *(C) energy costs;*

7 *(D) environmental impact; and*

8 *(E) other areas that the Secretary and the*
9 *Advisory Council deem appropriate.*

10 (2) *OTHER DUTIES.*—*The Advisory Council shall*
11 *assist the Secretary in—*

12 *(A) making recommendations on Federal*
13 *policies to increase the number of green, high-*
14 *performing schools;*

15 *(B) identifying Federal policies that are*
16 *barriers to helping States and local educational*
17 *agencies make green, high-performing schools;*

18 *(C) providing technical assistance and out-*
19 *reach to States and local educational agencies*
20 *under section 339(d); and*

21 *(D) providing the Secretary such other as-*
22 *sistance as the Secretary deems appropriate.*

23 (c) *CONSULTATION.*—*In carrying out its duties under*
24 *subsection (b), the Advisory Council shall consult with the*
25 *Chair of the Council on Environmental Quality and the*

1 *heads of appropriate Federal agencies, including the Sec-*
 2 *retary of Commerce, the Secretary of Energy, the Secretary*
 3 *of Health and Human Services, the Secretary of Labor, the*
 4 *Administrator of the Environmental Protection Agency,*
 5 *and the Administrator of the General Services Administra-*
 6 *tion (through the Office of Federal High-Performance Green*
 7 *Buildings).*

8 **SEC. 344. EDUCATION REGARDING PROJECTS.**

9 *A local educational agency receiving funds under this*
 10 *subtitle may encourage schools at which projects are under-*
 11 *taken with such funds to educate students about the project,*
 12 *including, as appropriate, the functioning of the project*
 13 *and its environmental, energy, sustainability, and other*
 14 *benefits.*

15 **SEC. 345. AVAILABILITY OF FUNDS.**

16 *(a) CHAPTER 1.—There are authorized to be appro-*
 17 *priated, and there are appropriated, to carry out chapter*
 18 *1 of this subtitle (in addition to any other amounts appro-*
 19 *priated to carry out such chapter and out of any money*
 20 *in the Treasury not otherwise appropriated),*
 21 *\$2,020,000,000 for each of fiscal years 2010 and 2011.*

22 *(b) CHAPTER 2.—There are authorized to be appro-*
 23 *priated, and there are appropriated, to carry out chapter*
 24 *2 of this subtitle (in addition to any other amounts appro-*
 25 *priated to carry out such chapter and out of any money*

1 *in the Treasury not otherwise appropriated), \$30,000,000*
 2 *for each of fiscal years 2010 and 2011.*

3 *(c) PROHIBITION ON EARMARKS.—None of the funds*
 4 *appropriated under this section may be used for a Congres-*
 5 *sional earmark as defined in clause 9(d) of rule XXI of the*
 6 *Rules of the House of Representatives.*

7 ***Subtitle B—Higher Education***

8 ***SEC. 351. FEDERAL ASSISTANCE FOR COMMUNITY COLLEGE*** 9 ***MODERNIZATION AND CONSTRUCTION.***

10 *(a) IN GENERAL.—*

11 *(1) GRANT PROGRAM.—From the amounts made*
 12 *available under subsection (i), the Secretary shall*
 13 *award grants to States for the purposes of con-*
 14 *structing new community college facilities and mod-*
 15 *ernizing, renovating, and repairing existing commu-*
 16 *nity college facilities. Grants awarded under this sec-*
 17 *tion shall be used by a State for one or more of the*
 18 *following:*

19 *(A) To reduce financing costs of loans for*
 20 *new construction, modernization, renovation, or*
 21 *repair projects at community colleges (such as*
 22 *paying interest or points on such loans).*

23 *(B) To provide matching funds for a com-*
 24 *munity college capital campaign to attract pri-*
 25 *ivate donations of funds for new construction,*

1 *modernization, renovation, or repair projects at*
2 *the community college.*

3 *(C) To capitalize a revolving loan fund to*
4 *finance new construction, modernization, renova-*
5 *tion, and repair projects at community colleges.*

6 *(2) ALLOCATION.—*

7 *(A) DETERMINATION OF AVAILABLE*
8 *AMOUNT.—The Secretary shall determine the*
9 *amount available for allocation to each State by*
10 *determining the amount equal to the total num-*
11 *ber of students in the State who are enrolled in*
12 *community colleges and who are pursuing a de-*
13 *gree or certificate that is not a bachelor's, mas-*
14 *ter's, professional, or other advanced degree, rel-*
15 *ative to the total number of such students in all*
16 *States, combined.*

17 *(B) ALLOCATION.—The Secretary shall allo-*
18 *cate to each State selected by the Secretary to re-*
19 *ceive a grant under this section an amount equal*
20 *to the amount determined to be available for al-*
21 *location to such State under subparagraph (A),*
22 *less any portion of that amount that is subject*
23 *to a limitation under paragraph (3).*

24 *(C) REALLOCATION.—Amounts not allo-*
25 *cated under this section to a State because—*

1 (i) the State did not submit an appli-
2 cation under subsection (b);

3 (ii) the State submitted an application
4 that the Secretary determined did not meet
5 the requirements of such subsection; or

6 (iii) the State is subject to a limitation
7 under paragraph (3) that prevents the State
8 from using a portion of the allocation,
9 shall be proportionately reallocated under this
10 paragraph to the States that are not described in
11 clause (i), (ii), or (iii) of this subparagraph.

12 (3) GRANT AMOUNT LIMITATIONS.—A grant
13 awarded to a State under this section—

14 (A) to reduce financing costs of loans for
15 new construction, modernization, renovation, or
16 repair projects at community colleges under
17 paragraph (1)(A) shall be for an amount that is
18 not more than 25 percent of the total principal
19 amount of the loans for which financing costs
20 are being reduced; and

21 (B) to provide matching funds for a com-
22 munity college capital campaign under para-
23 graph (1)(B) shall be for an amount that is not
24 more than 25 percent of the total amount of the
25 private donations of funds raised through such

1 *campaign over the duration of such campaign,*
2 *as such duration is determined by the State in*
3 *the application submitted under subsection (b).*

4 (4) *SUPPLEMENT, NOT SUPPLANT.—Funds made*
5 *available under this section shall be used to supple-*
6 *ment, and not supplant, other Federal, State, and*
7 *local funds that would otherwise be expended to con-*
8 *struct new community college facilities or modernize,*
9 *renovate, or repair existing community college facili-*
10 *ties.*

11 (b) *APPLICATION.—A State that desires to receive a*
12 *grant under this section shall submit an application to the*
13 *Secretary at such time, in such manner, and containing*
14 *such information and assurances as the Secretary may re-*
15 *quire. Such application shall include a certification by the*
16 *State that the funds provided under this section for the con-*
17 *struction of new community college facilities and the mod-*
18 *ernization, renovation, and repair of existing community*
19 *college facilities will improve instruction at such colleges*
20 *and will improve the ability of such colleges to educate and*
21 *train students to meet the workforce needs of employers in*
22 *the State.*

23 (c) *USE OF FUNDS BY COMMUNITY COLLEGES.—*

24 (1) *PERMISSIBLE USES OF FUNDS.—Funds made*
25 *available to community colleges through a loan de-*

1 scribed in subsection (a)(1)(A), a capital campaign
2 described in subsection (a)(1)(B), or a loan from a re-
3 volving loan fund described in subsection (a)(1)(C)
4 shall be used only for the construction, modernization,
5 renovation, or repair of community college facilities
6 that are primarily used for instruction, research, or
7 student housing, which may include any of the fol-
8 lowing:

9 (A) Repair, replacement, or installation of
10 roofs, including extensive, intensive, or semi-in-
11 tensive green roofs, electrical wiring, water sup-
12 ply and plumbing systems, sewage systems,
13 storm water runoff systems, lighting systems,
14 building envelope, windows, ceilings, flooring, or
15 doors, including security doors.

16 (B) Repair, replacement, or installation of
17 heating, ventilation, or air conditioning systems,
18 including insulation, and conducting indoor air
19 quality assessments.

20 (C) Compliance with fire, health, seismic,
21 and safety codes, including professional installa-
22 tion of fire and life safety alarms, and mod-
23 ernizations, renovations, and repairs that ensure
24 that the community college's facilities are pre-
25 pared for emergencies, such as improving build-

1 *ing infrastructure to accommodate security*
2 *measures and installing or upgrading technology*
3 *to ensure that the community college is able to*
4 *respond to emergencies such as acts of terrorism,*
5 *campus violence, and natural disasters.*

6 *(D) Retrofitting necessary to increase the*
7 *energy efficiency of the community college's fa-*
8 *cilities.*

9 *(E) Modifications necessary to make facili-*
10 *ties accessible in compliance with the Americans*
11 *with Disabilities Act of 1990 (42 U.S.C. 12101*
12 *et seq.) and section 504 of the Rehabilitation Act*
13 *of 1973 (29 U.S.C. 794).*

14 *(F) Abatement, removal, or interim controls*
15 *of asbestos, polychlorinated biphenyls, mold, mil-*
16 *dew, or lead-based hazards, including lead-based*
17 *paint hazards from the community college's fa-*
18 *cilities.*

19 *(G) Modernization, renovation, or repair*
20 *necessary to reduce the consumption of coal, elec-*
21 *tricity, land, natural gas, oil, or water.*

22 *(H) Modernization, renovation, and repair*
23 *relating to improving science and engineering*
24 *laboratories, libraries, or instructional facilities.*

1 (I) *Installation or upgrading of educational*
2 *technology infrastructure.*

3 (J) *Installation or upgrading of renewable*
4 *energy generation and heating systems, includ-*
5 *ing solar, photovoltaic, wind, biomass (including*
6 *wood pellet and woody biomass), waste-to-energy,*
7 *solar-thermal and geothermal systems, and en-*
8 *ergy audits.*

9 (K) *Other modernization, renovation, or re-*
10 *pair projects that are primarily for instruction,*
11 *research, or student housing.*

12 (L) *Required environmental remediation re-*
13 *lated to modernization, renovation, or repair de-*
14 *scribed in subparagraphs (A) through (K).*

15 (2) *GREEN SCHOOL REQUIREMENT.—A commu-*
16 *nity college receiving assistance through a loan de-*
17 *scribed in subsection (a)(1)(A), a capital campaign*
18 *described in subsection (a)(1)(B), or a loan from a re-*
19 *volving loan fund described in subsection (a)(1)(C)*
20 *shall use not less than 50 percent of such assistance*
21 *to carry out projects for construction, modernization,*
22 *renovation, or repair that are certified, verified, or*
23 *consistent with the applicable provisions of—*

24 (A) *the LEED Green Building Rating Sys-*
25 *tem;*

1 (B) *Energy Star*;

2 (C) *the CHPS Criteria, as applicable*;

3 (D) *Green Globes*; or

4 (E) *an equivalent program adopted by the*
 5 *State or the State higher education agency that*
 6 *includes a verifiable method to demonstrate com-*
 7 *pliance with such program.*

8 (3) *PROHIBITED USES OF FUNDS.—*

9 (A) *IN GENERAL.—No funds awarded under*
 10 *this section may be used for—*

11 (i) *payment of maintenance costs*;

12 (ii) *construction, modernization, ren-*
 13 *ovation, or repair of stadiums or other fa-*
 14 *cilities primarily used for athletic contests*
 15 *or exhibitions or other events for which ad-*
 16 *mission is charged to the general public; or*

17 (iii) *construction, modernization, ren-*
 18 *ovation, or repair of facilities—*

19 (I) *used for sectarian instruction,*
 20 *religious worship, or a school or de-*
 21 *partment of divinity; or*

22 (II) *in which a substantial por-*
 23 *tion of the functions of the facilities*
 24 *are subsumed in a religious mission.*

1 (B) *FOUR-YEAR INSTITUTIONS.*—No funds
2 awarded to a four-year public institution of
3 higher education under this section may be used
4 for any facility, service, or program of the insti-
5 tution that is not available to students who are
6 pursuing a degree or certificate that is not a
7 bachelor's, master's, professional, or other ad-
8 vanced degree.

9 (d) *APPLICATION OF GEPA.*—The grant program au-
10 thorized in this section is an applicable program (as that
11 term is defined in section 400 of the General Education
12 Provisions Act (20 U.S.C. 1221)) subject to section 439 of
13 such Act (20 U.S.C. 1232b). The Secretary shall, notwith-
14 standing section 437 of such Act (20 U.S.C. 1232) and sec-
15 tion 553 of title 5, United States Code, establish such pro-
16 gram rules as may be necessary to implement such grant
17 program by notice in the Federal Register.

18 (e) *CONCURRENT FUNDING.*—Funds made available
19 under this section shall not be used to assist any community
20 college that receives funding for the construction, mod-
21 ernization, renovation, and repair of facilities under any
22 other program under this Act, the Higher Education Act
23 of 1965, or the American Recovery and Reinvestment Act
24 of 2009.

1 (f) *REPORTS BY THE STATES.*—Each State that re-
 2 ceives a grant under this section shall, not later than Sep-
 3 tember 30, 2012, and annually thereafter for each fiscal
 4 year in which the State expends funds received under this
 5 section, submit to the Secretary a report that includes—

6 (1) a description the projects for which the grant
 7 funding was, or will be, used;

8 (2) a list of the community colleges that have re-
 9 ceived, or will receive, assistance from the grant
 10 through a loan described in subsection (a)(1)(A), a
 11 capital campaign described in subsection (a)(1)(B),
 12 or a loan from a revolving loan fund described in
 13 subsection (a)(1)(C); and

14 (3) a description of the amount and nature of
 15 the assistance provided to each such college.

16 (g) *REPORT BY THE SECRETARY.*—The Secretary shall
 17 submit to the authorizing committees (as defined in section
 18 103 of the Higher Education Act of 1965) an annual report
 19 on the grants made under this section, including the infor-
 20 mation described in subsection (f).

21 (h) *DEFINITIONS.*—

22 (1) *COMMUNITY COLLEGE.*—As used in this sec-
 23 tion, the term “community college” means—

1 (A) a junior or community college, as such
 2 term is defined in section 312(f) of the Higher
 3 Education Act of 1965 (20 U.S.C. 1085(f)); or

4 (B) a four-year public institution of higher
 5 education (as defined in section 101 of the High-
 6 er Education Act of 1965) that awards a signifi-
 7 cant number of degrees and certificates that are
 8 not—

9 (i) bachelor’s degrees (or an equiva-
 10 lent); or

11 (ii) master’s, professional, or other ad-
 12 vanced degrees.

13 (2) *CHPS CRITERIA*.—The term “CHPS Cri-
 14 teria” means the green building rating program de-
 15 veloped by the Collaborative for High Performance
 16 Schools.

17 (3) *ENERGY STAR*.—The term “Energy Star”
 18 means the Energy Star program of the United States
 19 Department of Energy and the United States Envi-
 20 ronmental Protection Agency.

21 (4) *GREEN GLOBES*.—The term “Green Globes”
 22 means the Green Building Initiative environmental
 23 design and rating system referred to as Green Globes.

24 (5) *LEED GREEN BUILDING RATING SYSTEM*.—
 25 The term “LEED Green Building Rating System”

1 *means the United States Green Building Council*
 2 *Leadership in Energy and Environmental Design*
 3 *green building rating standard referred to as the*
 4 *LEED Green Building Rating System.*

5 (6) *SECRETARY.*—*The term “Secretary” means*
 6 *the Secretary of Education.*

7 (7) *STATE.*—*The term “State” has the meaning*
 8 *given such term in section 103 of the Higher Edu-*
 9 *cation Act of 1965 (20 U.S.C. 1003).*

10 (i) *AVAILABILITY OF FUNDS.*—*There are authorized to*
 11 *be appropriated, and there are appropriated, to carry out*
 12 *this section (in addition to any other amounts appropriated*
 13 *to carry out this section and out of any money in the Treas-*
 14 *ury not otherwise appropriated), \$2,500,000,000 for fiscal*
 15 *year 2011, which shall remain available until expended.*

16 ***TITLE IV—EARLY LEARNING*** 17 ***CHALLENGE FUND***

18 ***SEC. 401. PURPOSE.***

19 *The purpose of this title is to provide grants on a com-*
 20 *petitive basis to States for the following:*

21 (1) *To promote standards reform of State early*
 22 *learning programs serving children from birth*
 23 *through age 5 in order to support the healthy develop-*
 24 *ment and improve the school readiness outcomes of*
 25 *young children.*

1 (2) *To establish a high standard of quality in*
2 *early learning programs that integrates appropriate*
3 *early learning and development standards across*
4 *early learning settings.*

5 (3) *To fund and implement quality initiatives*
6 *that improve the skills and effectiveness of early*
7 *learning providers, and improve the quality of exist-*
8 *ing early learning programs, in order to increase the*
9 *number of disadvantaged children who participate in*
10 *comprehensive and high-quality early learning pro-*
11 *grams.*

12 (4) *To ensure that a greater number of disadvan-*
13 *tagged children enter kindergarten with the cognitive,*
14 *social, emotional, and physical skills and abilities*
15 *needed to be successful in school.*

16 (5) *To increase parents' abilities to access com-*
17 *prehensive and high quality early learning programs*
18 *across settings for their children.*

19 **SEC. 402. PROGRAMS AUTHORIZED.**

20 (a) *QUALITY PATHWAYS GRANTS.*—*The Secretary*
21 *shall use funds made available to carry out this title for*
22 *a fiscal year to award grants on a competitive basis to*
23 *States in accordance with section 403.*

24 (b) *DEVELOPMENT GRANTS.*—*The Secretary shall use*
25 *funds made available to carry out this title for a fiscal year*

1 to award grants in accordance with section 404 on a com-
 2 petitive basis to States that demonstrate a commitment to
 3 establishing a system of early learning that will include the
 4 components described in section 403(c)(3) but are not—

5 (1) eligible to be awarded a grant under sub-
 6 section (a); or

7 (2) are not awarded such a grant after applica-
 8 tion.

9 (c) *RESERVATIONS OF FEDERAL FUNDS.*—

10 (1) *RESEARCH, EVALUATION, AND ADMINISTRA-*
 11 *TION.*—From the amount made available to carry out
 12 this title for a fiscal year, the Secretary—

13 (A) shall reserve up to 2 percent jointly to
 14 administer this title with the Secretary of Health
 15 and Human Services; and

16 (B) shall reserve up to 3 percent to carry
 17 out activities under section 405.

18 (2) *TRIBAL SCHOOL READINESS PLANNING DEM-*
 19 *ONSTRATION.*—After making the reservations under
 20 paragraph (1), the Secretary shall reserve 0.25 per-
 21 cent for a competitive grant program for Indian
 22 tribes to develop and implement school readiness
 23 plans that—

1 (A) are coordinated with local educational
2 agencies serving children who are members of the
3 tribe; and

4 (B) include American Indian and Alaska
5 Native Head Start and Early Head Start pro-
6 grams, tribal child care programs, Indian
7 Health Service programs, and other tribal pro-
8 grams serving children.

9 (3) *QUALITY PATHWAYS GRANTS.*—

10 (A) *IN GENERAL.*—From the amount made
11 available to carry out this title for a fiscal year
12 and not reserved under paragraph (1) or (2), the
13 Secretary shall reserve a percent (which shall be
14 not greater than 65 percent for fiscal years 2010
15 through 2012 and not greater than 85 percent
16 for fiscal year 2013 and each succeeding fiscal
17 year) determined under subparagraph (B) to
18 carry out subsection (a).

19 (B) *DETERMINATION OF AMOUNT.*—In de-
20 termining the amount to reserve under subpara-
21 graph (A), the Secretary, consistent with section
22 403(e), shall take into account the following:

23 (i) *The total number of States deter-*
24 *mined by the Secretary to qualify for re-*
25 *ceipt of a grant under this title for the year.*

1 (ii) *The number of children under age*
2 5 *from low-income families in each State*
3 *with an approved application under section*
4 403 *for the year.*

5 (C) *REALLOCATION.*—*For fiscal year 2013*
6 *and subsequent fiscal years, the Secretary may*
7 *reallocate funds allocated for development grants*
8 *under subsection (b) for the purpose of providing*
9 *additional grants under subsection (a), if the*
10 *Secretary determines that there is an insufficient*
11 *number of applications that meet the require-*
12 *ments for a grant under subsection (b).*

13 (d) *STATE APPLICATIONS.*—*In applying for a grant*
14 *under this title, a State—*

15 (1) *shall designate a State-level entity for ad-*
16 *ministration of the grant;*

17 (2) *shall coordinate proposed activities with the*
18 *State Advisory Council on Early Childhood Edu-*
19 *cation and Care (established pursuant to section*
20 642B(b)(1)(A) *of the Head Start Act (42 U.S.C.*
21 9837b(b)(1)(A))) *and shall incorporate plans and rec-*
22 *ommendations from such Council in the application,*
23 *where applicable; and*

24 (3) *otherwise shall submit the application to the*
25 *Secretary at such time, in such manner, and con-*

1 *taining such information as the Secretary may rea-*
2 *sonably require.*

3 *(e) PRIORITY IN AWARDING GRANTS.—In awarding*
4 *grants under this title, the Secretary shall give priority to*
5 *States—*

6 *(1) whose applications contain assurances that*
7 *the State will use, in part, funds reserved under sec-*
8 *tion 658G of the Child Care and Development Block*
9 *Grant Act of 1990 (42 U.S.C. 9858e) for activities de-*
10 *scribed in section 403(f);*

11 *(2) that will commit to dedicating a significant*
12 *increase, in comparison to recent fiscal years, in*
13 *State expenditures on early learning programs and*
14 *services; and*

15 *(3) that demonstrate efforts to build public-pri-*
16 *ate partnerships designed to accomplish the purposes*
17 *of this title.*

18 *(f) MAINTENANCE OF EFFORT.—*

19 *(1) IN GENERAL.—With respect to each period*
20 *for which a State is awarded a grant under this title,*
21 *the aggregate expenditures by the State and its polit-*
22 *ical subdivisions on early learning programs and*
23 *services shall be not less than the level of the expendi-*
24 *tures for such programs and services by the State and*
25 *its political subdivisions for fiscal year 2006.*

1 (2) *STATE EXPENDITURES.*—*For purposes of*
2 *paragraph (1), expenditures by the State on early*
3 *learning programs and services shall include, at a*
4 *minimum, the following:*

5 (A) *State matching and maintenance of ef-*
6 *fort funds for the Child Care and Development*
7 *Block Grant Act of 1990 (42 U.S.C. 9858 et*
8 *seq.).*

9 (B) *State matching funds for the State Ad-*
10 *visory Council on Early Childhood Education*
11 *and Care (established pursuant to section*
12 *642B(b)(1)(A) of the Head Start Act (42 U.S.C.*
13 *9837b(b)(1)(A))).*

14 (C) *State expenditures on public pre-kinder-*
15 *garten, Head Start (including Early Head*
16 *Start), and other State early learning programs*
17 *and services dedicated to children (including*
18 *State expenditures under part C of the Individ-*
19 *uals with Disabilities Education Act (20 U.S.C.*
20 *1431 et seq.)).*

21 (g) *PROHIBITIONS ON USE OF FUNDS.*—*Funds under*
22 *this title may not be used for any of the following:*

23 (1) *Assessments that provide rewards or sanc-*
24 *tions for individual children or teachers.*

1 (2) *A single assessment used as the primary or*
 2 *sole method for assessing program effectiveness.*

3 (3) *Evaluating children other than for—*

4 (A) *improving instruction or classroom en-*
 5 *vironment;*

6 (B) *targeting professional development;*

7 (C) *determining the need for health, mental*
 8 *health, disability, or family support services;*

9 (D) *informing the quality improvement*
 10 *process at the State level;*

11 (E) *program evaluation for the purposes of*
 12 *program improvement and parent information;*

13 *or*

14 (F) *research conducted as part of the na-*
 15 *tional evaluation required by section 405(2).*

16 (h) *FEDERAL ADMINISTRATION.—*

17 (1) *IN GENERAL.—With respect to this title, the*
 18 *Secretary shall bear responsibility for obligating and*
 19 *disbursing funds and ensuring compliance with ap-*
 20 *plicable laws and administrative requirements, sub-*
 21 *ject to paragraph (2).*

22 (2) *INTERAGENCY AGREEMENT.—The Secretary*
 23 *of Education and the Secretary of Health and*
 24 *Human Services shall jointly administer this title on*

1 *such terms as such secretaries shall set forth in an*
 2 *interagency agreement.*

3 **SEC. 403. QUALITY PATHWAYS GRANTS.**

4 (a) *GRANT PERIOD.*—*Grants under section 402(a)—*

5 (1) *may be awarded for a period not to exceed*
 6 *5 years; and*

7 (2) *may be renewed, subject to approval by the*
 8 *Secretary, and based on the State’s progress in—*

9 (A) *increasing the percentage of disadvan-*
 10 *tagged children in each age group (infants, tod-*
 11 *dlers, and preschoolers) who participate in high-*
 12 *quality early learning programs;*

13 (B) *increasing the number of high-quality*
 14 *early learning programs in low-income commu-*
 15 *nities;*

16 (C) *implementing an early learning system*
 17 *that includes the components described in sub-*
 18 *section (c)(3); and*

19 (D) *incorporating the findings and rec-*
 20 *ommendations reported by the commission estab-*
 21 *lished under section 405(1) into the State system*
 22 *of early learning.*

23 (b) *MATCHING REQUIREMENT.*—

24 (1) *IN GENERAL.*—*Subject to subsection (g), to be*
 25 *eligible to receive a grant under section 402(a), a*

1 *State shall contribute to the activities assisted under*
2 *the grant non-Federal matching funds in an amount*
3 *equal to not less than the applicable percent of the*
4 *amount of the grant.*

5 (2) *APPLICABLE PERCENT.—For purposes of*
6 *paragraph (1), the applicable percent means—*

7 (A) *10 percent in the first fiscal year of the*
8 *grant;*

9 (B) *10 percent in the second fiscal year of*
10 *the grant;*

11 (C) *15 percent in the third fiscal year of the*
12 *grant; and*

13 (D) *20 percent in the fourth fiscal year of*
14 *the grant and subsequent fiscal years.*

15 (3) *NON-FEDERAL FUNDS.—A State may use the*
16 *following to satisfy the requirement of paragraph (1):*

17 (A) *Cash.*

18 (B) *In-kind contributions for the acquisi-*
19 *tion, construction, or improvement of early*
20 *learning program facilities serving disadvan-*
21 *taged children.*

22 (C) *Technical assistance related to subpara-*
23 *graph (B).*

24 (4) *PRIVATE CONTRIBUTIONS.—Private contribu-*
25 *tions made as part of public-private partnerships to*

1 *increase the number of low-income children in high-*
 2 *quality early learning programs in a State may be*
 3 *used by the State to satisfy the requirement of para-*
 4 *graph (1).*

5 (5) *FINANCIAL HARDSHIP WAIVER.*—*The Sec-*
 6 *retary may waive or reduce the non-Federal share of*
 7 *a State that has submitted an application for a grant*
 8 *under section 402(a) if the State demonstrates a need*
 9 *for such waiver or reduction due to extreme financial*
 10 *hardship, as defined by the Secretary by regulation.*

11 (c) *STATE APPLICATIONS.*—*In order to be considered*
 12 *for a grant under section 402(a), a State's application*
 13 *under section 402(d) shall include the following:*

14 (1) *A description of how the State will use the*
 15 *grant to implement quality initiatives to improve*
 16 *early learning programs serving disadvantaged chil-*
 17 *dren from birth to age 5 to lead to a greater percent-*
 18 *age of such children participating in higher quality*
 19 *early learning programs.*

20 (2) *A description of the goals and benchmarks*
 21 *the State will establish to lead to a greater percentage*
 22 *of disadvantaged children participating in higher*
 23 *quality early learning programs to improve school*
 24 *readiness outcomes, including an established baseline*

1 *of the number of disadvantaged children in high-quality*
2 *early learning programs.*

3 *(3) A description of how the State will imple-*
4 *ment a governance structure and a system of early*
5 *learning programs and services that includes the fol-*
6 *lowing components:*

7 *(A) Not later than 12 months after receiv-*
8 *ing notice of an award of the grant, complete*
9 *State early learning and development standards*
10 *that include social and emotional, cognitive, and*
11 *physical development domains, and approaches*
12 *to learning that are developmentally appropriate*
13 *(including culturally and linguistically appro-*
14 *priate) for all children.*

15 *(B) A process to ensure that State early*
16 *learning and development standards are inte-*
17 *grated into the instructional and programmatic*
18 *practices of early learning programs and serv-*
19 *ices, including services provided to children*
20 *under section 619 and part C of the Individuals*
21 *with Disabilities Education Act (20 U.S.C. 1419,*
22 *1431 et seq.).*

23 *(C) A program rating system that builds on*
24 *licensing requirements, as appropriate, and other*
25 *State regulatory standards and that—*

1 (i) is designed to improve quality and
2 effectiveness across different types of early
3 learning settings;

4 (ii) integrates evidence-based program
5 quality standards that reflect standard lev-
6 els of quality and has progressively higher
7 levels of program quality;

8 (iii) integrates the State's early learn-
9 ing and development standards for the pur-
10 pose of improving instructional and pro-
11 grammatic practices;

12 (iv) addresses quality and effective in-
13 clusion of children with disabilities or devel-
14 opmental delays across different types of
15 early learning settings;

16 (v) addresses staff qualifications and
17 professional development;

18 (vi) provides financial incentives and
19 other supports to help programs meet and
20 sustain higher levels of quality;

21 (vii) includes mechanisms for evalu-
22 ating how programs are meeting those
23 standards and progressively higher levels of
24 quality; and

1 (viii) includes a mechanism for public
2 awareness and understanding of the pro-
3 gram rating system, including rating levels
4 of individual programs.

5 (D) A system of program review and moni-
6 toring that is designed to rate providers using
7 the system described in subparagraph (C) and to
8 assess and improve programmatic practices, in-
9 structional practices, and classroom environ-
10 ment.

11 (E) A process to support early learning pro-
12 grams integrating instructional and pro-
13 grammatic practices that—

14 (i) include developmentally appro-
15 priate (including culturally and linguis-
16 tically appropriate), ongoing, classroom-
17 based instructional assessments for each do-
18 main of child development and learning
19 (including social and emotional, cognitive,
20 and physical development domains and ap-
21 proaches to learning) to guide and improve
22 instructional practice, professional develop-
23 ment of staff, and services; and

24 (ii) are aligned with the curricula used
25 in the early learning program and with the

1 *State early learning and development*
2 *standards or the Head Start Child Out-*
3 *comes Framework (as described in the Head*
4 *Start Act), as applicable.*

5 *(F) Minimum preservice early childhood de-*
6 *velopment and education training requirements*
7 *for providers in early learning programs.*

8 *(G) A comprehensive plan for supporting*
9 *the professional preparation and the ongoing*
10 *professional development of an effective, well-*
11 *compensated early learning workforce, which*
12 *plan includes training and education that is sus-*
13 *tained, intensive, and classroom-focused and*
14 *leads toward a credential or degree and is tied*
15 *to improved compensation.*

16 *(H) An outreach strategy to promote under-*
17 *standing by parents and families of—*

18 *(i) how to support their child's early*
19 *development and learning;*

20 *(ii) the State's program rating system,*
21 *as described in subparagraph (C); and*

22 *(iii) the rating of the program in*
23 *which their child is enrolled.*

24 *(I) A coordinated system to facilitate*
25 *screening, referral, and provision of services re-*

1 lated to health, mental health, disability, and
2 family support for children participating in
3 early learning programs.

4 (J) A process for evaluating school readiness
5 in children that reflects all of the major domains
6 of development, and that is used to guide prac-
7 tice and improve early learning programs.

8 (K) A coordinated data infrastructure that
9 facilitates—

10 (i) uniform data collection about the
11 quality of early learning programs, essen-
12 tial information about the children and
13 families that participate in such programs,
14 and the qualifications and compensation of
15 the early learning workforce in such pro-
16 grams; and

17 (ii) alignment and interoperability be-
18 tween the data system for early learning
19 programs for children and data systems for
20 elementary and secondary education.

21 (4) A description of how the funds provided
22 under the grant will be targeted to prioritize increas-
23 ing the number and percentage of low-income children
24 in high-quality early learning programs, including
25 children—

1 (A) in each age group (infants, toddlers,
2 and preschoolers);

3 (B) with developmental delays and disabili-
4 ties;

5 (C) with limited English proficiency; and

6 (D) living in rural areas.

7 (5) An assurance that the grant will be used to
8 improve the quality of early learning programs across
9 a range of types of settings and providers of such pro-
10 grams.

11 (6) A description of the steps the State will take
12 to make progress toward including all center-based
13 child care programs, family child care programs,
14 State-funded prekindergarten, Head Start programs,
15 and other early learning programs, such as those
16 funded under title I of the Elementary and Secondary
17 Education Act of 1965 (20 U.S.C. 6301 et seq.) or re-
18 ceiving funds under section 619 or part C of the Indi-
19 viduals with Disabilities Education Act (20 U.S.C.
20 1419, 1431 et seq.) in the State program rating sys-
21 tem described in paragraph (3)(C).

22 (7) An assurance that the State, not later than
23 18 months after receiving notice of an award of the
24 grant, will conduct an analysis of the alignment of

1 *the State's early learning and development standards*
2 *with—*

3 *(A) appropriate academic content standards*
4 *for grades kindergarten through 3; and*
5 *(B) elements of program quality standards*
6 *for early learning programs.*

7 *(8) An assurance that the grant will be used only*
8 *to supplement, and not to supplant, Federal, State,*
9 *and local funds otherwise available to support exist-*
10 *ing early learning programs and services.*

11 *(9) A description of any disparity by age group*
12 *(infants, toddlers, and preschoolers) of available high-*
13 *quality early learning programs in low-income com-*
14 *munities and the steps the State will take to decrease*
15 *such disparity, if applicable.*

16 *(10) A description of how the State early learn-*
17 *ing and development standards will address the needs*
18 *of children with limited English proficiency, includ-*
19 *ing by incorporating benchmarks related to English*
20 *language development.*

21 *(11) A description of how the State's professional*
22 *development plan will prepare the early learning*
23 *workforce to support the early learning needs of chil-*
24 *dren with limited English proficiency.*

1 (12) *A description of how the State will improve*
2 *interagency collaboration and coordinate the purposes*
3 *of this title with the activities funded under—*

4 (A) *section 658G of the Child Care and De-*
5 *velopment Block Grant Act of 1990 (42 U.S.C.*
6 *9858e);*

7 (B) *section 619 and part C of the Individ-*
8 *uals with Disabilities Education Act (20 U.S.C.*
9 *1419, 1431 et seq.);*

10 (C) *title I of the Elementary and Secondary*
11 *Education Act of 1965 (20 U.S.C. 6301 et seq.);*

12 (D) *State-funded pre-kindergarten pro-*
13 *grams (where applicable);*

14 (E) *Head Start programs; and*

15 (F) *other early childhood programs and*
16 *services.*

17 (13) *A description of how the State’s early learn-*
18 *ing policies, including child care policies, facilitate*
19 *access to high-quality early learning programs for*
20 *children from low-income families.*

21 (14) *An assurance that the State will continue to*
22 *participate in part C of the Individuals with Disabil-*
23 *ities Education Act (20 U.S.C. 1431 et seq.) for the*
24 *duration of the grant.*

1 (d) *CRITERIA USED IN AWARDING GRANTS.*—In
 2 awarding grants under section 402(a), the Secretary shall
 3 evaluate the applications, and award grants under such sec-
 4 tion on a competitive basis, based on—

5 (1) *the quality of the application submitted pur-*
 6 *suant to section 402(d);*

7 (2) *the priority factors described in section*
 8 *402(e);*

9 (3) *evidence of significant progress in estab-*
 10 *lishing a system of early learning for children that*
 11 *includes the components described in subsection*
 12 *(c)(3); and*

13 (4) *the State’s capacity to fully complete imple-*
 14 *mentation of such a system.*

15 (e) *CRITERION USED IN DETERMINING AMOUNT OF*
 16 *AWARD.*—In determining the amount to award a State
 17 under section 402(a), the Secretary shall take into ac-
 18 count—

19 (1) *the proportion of children under age 5 from*
 20 *low-income families in the State relative to such pro-*
 21 *portion in other States; and*

22 (2) *the State plan and capacity to implement*
 23 *the criteria described in paragraphs (3) and (4) of*
 24 *subsection (d).*

25 (f) *STATE USES OF FUNDS.*—

1 (1) *IN GENERAL.*—A State receiving a grant
2 under section 402(a) shall use the grant as follows:

3 (A) Not less than 65 percent of the grant
4 amount shall be used for two or more of the fol-
5 lowing activities to improve the quality of early
6 learning programs serving disadvantaged chil-
7 dren:

8 (i) Initiatives that improve the creden-
9 tials of early learning providers and are
10 tied to increased compensation.

11 (ii) Initiatives that help early learning
12 programs meet and sustain higher program
13 quality standards, such as—

14 (I) improving the ratio of early
15 learning provider to children in early
16 learning settings;

17 (II) reducing group size;

18 (III) improving the qualifications
19 of early learning providers; and

20 (IV) supporting effective edu-
21 cation and training for early learning
22 providers.

23 (iii) Implementing classroom observa-
24 tion assessments and data-driven decisions
25 (which may include implementation of a re-

1 *search-based prevention and intervention*
2 *framework designed to build social com-*
3 *petence and prevent challenging behaviors)*
4 *tied to activities that improve instructional*
5 *practices, programmatic practices, or class-*
6 *room environment and promote school read-*
7 *iness.*

8 *(iv) Providing financial incentives to*
9 *early learning programs—*

10 *(I) for undertaking quality im-*
11 *provements that promote healthy devel-*
12 *opment and school readiness; and*

13 *(II) maintaining quality im-*
14 *provements that promote healthy devel-*
15 *opment and school readiness.*

16 *(v) Integrating State early learning*
17 *and development standards into instruc-*
18 *tional and programmatic practices in early*
19 *learning programs.*

20 *(vi) Providing high-quality, sustained,*
21 *intensive, and classroom-focused profes-*
22 *sional development that improves the knowl-*
23 *edge and skills of early learning providers,*
24 *including professional development related*
25 *to meeting the needs of diverse populations.*

1 (vii) *Building the capacity of early*
2 *learning programs and communities to pro-*
3 *mote the understanding of parents and fam-*
4 *ilies of the State's early learning system*
5 *and the rating of the program in which*
6 *their child is enrolled and to encourage the*
7 *active involvement and engagement of par-*
8 *ents and families in the learning and devel-*
9 *opment of their children.*

10 (viii) *Building the capacity of early*
11 *learning programs and communities to fa-*
12 *cilitate screening, referral, and provision of*
13 *services related to health, mental health, dis-*
14 *ability, and family support for children*
15 *participating in early learning programs.*

16 (ix) *Other innovative activities, pro-*
17 *posed by the State and approved in advance*
18 *by the Secretary that are—*

19 (I) *based on successful practices;*

20 (II) *designed to improve the qual-*
21 *ity of early learning programs and*
22 *services; and*

23 (III) *advance the system compo-*
24 *nents described in subsection (c)(3).*

1 (B) *The remainder of the grant amount*
2 *may be used for one or more of the following:*

3 (i) *Implementation or enhancement of*
4 *the State's data system described in sub-*
5 *section (c)(3)(K), including interoperability*
6 *across agencies serving children, and unique*
7 *child and program identifiers.*

8 (ii) *Enhancement of the State's over-*
9 *sight system for early learning programs,*
10 *including the implementation of a program*
11 *rating system.*

12 (iii) *The development and implementa-*
13 *tion of measures of school readiness of chil-*
14 *dren that reflect all of the major domains of*
15 *child development and that inform the qual-*
16 *ity improvement process.*

17 (2) *PRIORITY.—A State receiving a grant under*
18 *section 402(a) shall use the grant so as to prioritize*
19 *improving the quality of early learning programs*
20 *serving children from low-income families.*

21 (g) *SPECIAL RULE.—*

22 (1) *IN GENERAL.—Beginning with the second fis-*
23 *cal year of a grant under section 402(a), a State with*
24 *respect to which the Secretary certifies that the State*
25 *has made sufficient progress in implementing the re-*

1 *quirements of the grant may apply to the Secretary*
2 *to reserve up to 25 percent of the amount of the grant*
3 *to expand access for children from low-income fami-*
4 *lies to the highest quality early learning programs*
5 *that offer full-day services, except that the State must*
6 *agree to contribute for such purpose non-Federal*
7 *matching funds in an amount equal to not less than*
8 *20 percent of the amount reserved under this sub-*
9 *section. One-half of such non-Federal matching funds*
10 *may be provided by a private entity.*

11 *(2) NON-FEDERAL FUNDS.—A State may use the*
12 *following to satisfy the matching requirement of para-*
13 *graph (1):*

14 *(A) Cash.*

15 *(B) In-kind contributions for the acquisi-*
16 *tion, construction, or improvement of early*
17 *learning program facilities serving disadvan-*
18 *taged children.*

19 *(C) Technical assistance related to subpara-*
20 *graph (B).*

21 *(3) FINANCIAL HARDSHIP WAIVER.—The Sec-*
22 *retary may waive or reduce the non-Federal share of*
23 *a State under paragraph (1) if the State dem-*
24 *onstrates a need for such waiver or reduction due to*

1 *extreme financial hardship, as defined by the Sec-*
 2 *retary by regulation.*

3 *(h) IMPROVEMENT PLAN.—If the Secretary determines*
 4 *that a State receiving a grant under section 402(a) is en-*
 5 *countering barriers to reaching goals described in subsection*
 6 *(c)(2), the State shall develop a plan for improvement in*
 7 *consultation with, and subject to approval by, the Sec-*
 8 *retary.*

9 **SEC. 404. DEVELOPMENT GRANTS.**

10 *(a) GRANT PERIOD.—Grants under section 402(b)*
 11 *may be awarded for a period not to exceed 3 years, and*
 12 *may not be renewed.*

13 *(b) STATE USES OF FUNDS.—*

14 *(1) IN GENERAL.—A State receiving a grant*
 15 *under section 402(b) shall use the grant to undertake*
 16 *activities to develop the early learning system compo-*
 17 *nents described in section 403(c)(3) and that will*
 18 *allow a State to become eligible and competitive for*
 19 *a grant described in section 402(a).*

20 *(2) PRIORITY.—A State receiving a grant under*
 21 *section 402(b) shall use the grant so as to prioritize*
 22 *improving the quality of early learning programs*
 23 *serving low-income children.*

24 *(c) MATCHING REQUIREMENT.—*

1 (1) *IN GENERAL.*—*To be eligible to receive a*
2 *grant under section 402(b), a State shall contribute to*
3 *the activities assisted under the grant non-Federal*
4 *matching funds in an amount equal to not less than*
5 *the applicable percent of the amount of the grant.*

6 (2) *APPLICABLE PERCENT.*—*For purposes of*
7 *paragraph (1), the applicable percent means—*

8 (A) *20 percent in the first fiscal year of the*
9 *grant;*

10 (B) *25 percent in the second fiscal year of*
11 *the grant; and*

12 (C) *30 percent in the third fiscal year of the*
13 *grant.*

14 (3) *NON-FEDERAL FUNDS.*—*A State may use the*
15 *following to satisfy the requirement of paragraph (1):*

16 (A) *Cash.*

17 (B) *In-kind contributions for the acquisi-*
18 *tion, construction, or improvement of early*
19 *learning program facilities serving disadvan-*
20 *taged children.*

21 (C) *Technical assistance related to subpara-*
22 *graph (B).*

23 (4) *PRIVATE CONTRIBUTIONS.*—*Private contribu-*
24 *tions made as part of public-private partnerships to*
25 *increase the number of low-income children in high-*

1 *quality early learning programs in a State may be*
 2 *used by the State to satisfy the requirement of para-*
 3 *graph (1).*

4 (5) *FINANCIAL HARDSHIP WAIVER.*—*The Sec-*
 5 *retary may waive or reduce the non-Federal share of*
 6 *a State that has submitted an application for a grant*
 7 *under section 402(b) if the State demonstrates a need*
 8 *for such waiver or reduction due to extreme financial*
 9 *hardship, as defined by the Secretary by regulation.*

10 **SEC. 405. RESEARCH AND EVALUATION.**

11 *From funds reserved under section 402(c)(1), the Sec-*
 12 *retary of Education and the Secretary of Health and*
 13 *Human Services, acting jointly, shall carry out the fol-*
 14 *lowing activities:*

15 (1) *Establishing a national commission whose*
 16 *duties shall include—*

17 (A) *reviewing the status of State and Fed-*
 18 *eral early learning program quality standards*
 19 *and early learning and development standards;*

20 (B) *recommending benchmarks for program*
 21 *quality standards and early learning and devel-*
 22 *opment standards, including taking into consid-*
 23 *eration the school readiness needs of children*
 24 *with limited English proficiency; and*

1 (C) reporting to the Secretaries of Edu-
2 cation and Health and Human Services not
3 later than 2 years after the date of the enactment
4 of this Act on the commission's findings and rec-
5 ommendations.

6 (2) Conducting a national evaluation of the
7 grants made under this title through the Institute of
8 Education Science in collaboration with the appro-
9 priate research divisions within the Department of
10 Health and Human Services.

11 (3) Supporting a research collaborative among
12 the Institute of Education Sciences, the National In-
13 stitute of Child Health and Human Development, the
14 Office of Planning, Research, and Evaluation within
15 the Administration for Children and Families in the
16 Department of Health and Human Services, and, as
17 appropriate, other Federal entities to support research
18 on early learning that can inform improved State
19 and other standards and licensing requirements and
20 improved child outcomes, which collaborative shall—

21 (A) biennially prepare and publish for pub-
22 lic comment a detailed research plan;

23 (B) support early learning research activi-
24 ties that could include determining—

1 (i) the characteristics of early learning
2 programs that produce positive develop-
3 mental outcomes for children;

4 (ii) the effects of program quality
5 standards on child outcomes;

6 (iii) the relationships between specific
7 interventions and types of child and family
8 outcomes;

9 (iv) the effectiveness of early learning
10 provider training in raising program qual-
11 ity and improving child outcomes;

12 (v) the effectiveness of professional de-
13 velopment strategies in raising program
14 quality and improving child outcomes; and

15 (vi) how to improve the school readi-
16 ness outcomes of children with limited
17 English proficiency, special needs, and
18 homeless children, including evaluation of
19 professional development programs for
20 working with such children; and

21 (C) disseminate relevant research findings
22 and best practices.

23 (4) Evaluating barriers to improving the quality
24 of early learning programs serving low-income chil-
25 dren, including evaluating barriers to successful

1 *interagency collaboration and coordination, by con-*
 2 *ducting a review of the statewide strategic reports de-*
 3 *veloped by the State Advisory Councils on Early Care*
 4 *and Education and other relevant reports, reporting*
 5 *the findings of such review to Congress, and dissemi-*
 6 *nating relevant research findings and best practices.*

7 **SEC. 406. REPORTING REQUIREMENTS.**

8 *(a) REPORTS TO CONGRESS.—For each year in which*
 9 *funding is provided under this title, the Secretary shall sub-*
 10 *mit an annual report to the Committee on Education and*
 11 *Labor of the House of Representatives and the Committee*
 12 *on Health, Education, Labor and Pensions of the Senate*
 13 *on the activities carried out under this title, including, at*
 14 *a minimum, information on the following:*

15 *(1) The activities undertaken by States to in-*
 16 *crease the availability of high-quality early learning*
 17 *programs.*

18 *(2) The number of children in high-quality early*
 19 *learning programs, and the change from the prior*
 20 *year, disaggregated by State, age, and race.*

21 *(3) The number of early learning providers en-*
 22 *rolled, with assistance from funds under this title, in*
 23 *a program to obtain a credential or degree in early*
 24 *childhood education and the settings in which such*
 25 *providers work.*

1 (4) *A summary of State progress in imple-*
2 *menting a system of early learning with the compo-*
3 *nents described in section 403(c)(3).*

4 (5) *A summary of the research activities being*
5 *conducted under section 405 and the findings of such*
6 *research.*

7 (b) *REPORTS TO SECRETARY.—Each State that re-*
8 *ceives a grant under this title shall submit to the Secretary*
9 *an annual report that includes, at a minimum, informa-*
10 *tion on the activities carried out by the State under this*
11 *title, including the following:*

12 (1) *The progress on fully implementing and inte-*
13 *grating into a system of early learning each of the*
14 *components described in section 403(c)(3).*

15 (2) *The State's progress in meeting its goals for*
16 *increasing the number of disadvantaged children par-*
17 *ticipating in high-quality early learning programs,*
18 *disaggregated by child age.*

19 (3) *The number and percentage of disadvantaged*
20 *children participating in early learning programs at*
21 *each level of quality, disaggregated by race, family in-*
22 *come, child age, disability, and limited English pro-*
23 *ficiency status.*

24 (4) *The number of providers participating in the*
25 *State quality rating system, disaggregated by setting,*

1 *rating, and the number of high-quality providers*
2 *available in low-income communities.*

3 *(5) Information on how the funds provided*
4 *under this title were used to increase the availability*
5 *of high-quality early learning programs for each age*
6 *group, disaggregated by race and limited English*
7 *proficient status, to the maximum extent practicable.*

8 *(6) Information on professional development and*
9 *training expenditures, including—*

10 *(A) the number of early learning providers*
11 *engaged in such activities; and*

12 *(B) the number of early learning providers*
13 *enrolled in programs to obtain a credential or*
14 *degree in early childhood education,*
15 *disaggregated by the type of credential and de-*
16 *gree.*

17 *(7) The change in the number and percentage of*
18 *early learning providers with appropriate credentials*
19 *or degrees in early childhood education, including the*
20 *change in compensation given to such providers, in*
21 *comparison to the prior fiscal year, disaggregated by*
22 *early learning setting and the type of credential or*
23 *degree.*

24 *(8) In the case of a State receiving a grant*
25 *under section 402(a), the percentage of children re-*

ceiving assistance under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) who participate in the highest quality early learning programs, disaggregated by program setting and child age.

(9) Barriers to expanding access to high-quality early learning programs for disadvantaged children.

SEC. 407. CONSTRUCTION.

Nothing in this title—

(1) shall be construed to require a child to participate in an early learning program; or

(2) shall be used to deny entry to kindergarten for any individual if the individual is legally eligible, as defined by State or local law.

SEC. 408. DEFINITIONS.

For purposes of this title:

(1) *CHILD*.—The term “child” refers to an individual from birth through the day the individual enters kindergarten.

(2) *DISADVANTAGED*.—The term “disadvantaged”, when used with respect to a child, means a child whose family income is described in section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)).

1 (3) *INDIAN TRIBE*.—The term “Indian tribe” has
 2 the meaning given such term in section 637 of the
 3 Head Start Act (42 U.S.C. 9832).

4 (4) *LIMITED ENGLISH PROFICIENT*.—The term
 5 “limited English proficient” has the meaning given
 6 such term in section 637 of the Head Start Act (42
 7 U.S.C. 9832).

8 (5) *SECRETARY*.—The term “Secretary” means
 9 the Secretary of Education.

10 (6) *STATE*.—The term “State” has the meaning
 11 given such term in section 9101 of the Elementary
 12 and Secondary Education Act of 1965 (20 U.S.C.
 13 7801).

14 **SEC. 409. AVAILABILITY OF FUNDS.**

15 There are authorized to be appropriated, and there are
 16 appropriated, to carry out this title (in addition to any
 17 other amounts appropriated to carry out this title and out
 18 of any money in the Treasury not otherwise appropriated)
 19 \$1,000,000,000 for each of fiscal years 2010 through 2017.

20 **TITLE V—AMERICAN**
 21 **GRADUATION INITIATIVE**

22 **SEC. 501. AUTHORIZATION AND APPROPRIATION.**

23 (a) *AUTHORIZATION AND APPROPRIATION*.—There are
 24 authorized to be appropriated, and there are appropriated,
 25 to carry out this title (in addition to any other amounts

1 *appropriated to carry out this title and out of any money*
2 *in the Treasury not otherwise appropriated), \$730,000,000*
3 *for each of the fiscal years 2010 through 2013, and*
4 *\$680,000,000 for each of the fiscal years 2014 through 2019.*

5 (b) *ALLOCATIONS.—Of the amount appropriated*
6 *under subsection (a)—*

7 (1) *\$630,000,000 shall be made available for each*
8 *of the fiscal years 2010 through 2013 to carry out sec-*
9 *tion 503;*

10 (2) *\$630,000,000 shall be made available for each*
11 *of the fiscal years 2014 through 2019 to carry out sec-*
12 *tion 504;*

13 (3) *\$50,000,000 shall be made available for each*
14 *of the fiscal years 2010 through 2019 to carry out*
15 *subsection (a) of section 505; and*

16 (4) *\$50,000,000 shall be made available for each*
17 *of the fiscal years 2010 through 2013 to carry out*
18 *subsections (b) and (c) of section 505.*

19 (c) *RESPONSIBILITY.—*

20 (1) *IN GENERAL.—With respect to sections 503*
21 *and 504, the Secretary of Education shall bear the re-*
22 *sponsibility for obligating and disbursing funds under*
23 *such sections and ensuring compliance with applica-*
24 *ble law and administrative requirements, subject to*
25 *paragraph (2).*

1 (2) *INTERAGENCY AGREEMENT.*—*The Secretary*
 2 *of Education and the Secretary of Labor shall jointly*
 3 *administer sections 503 and 504 on such terms as*
 4 *such Secretaries shall set forth in an interagency*
 5 *agreement.*

6 **SEC. 502. DEFINITIONS; GRANT PRIORITY.**

7 (a) *DEFINITIONS.*—*In this title:*

8 (1) *AREA CAREER AND TECHNICAL EDUCATION*
 9 *SCHOOL.*—*The term “area career and technical edu-*
 10 *cation school” has the meaning given such term in*
 11 *section 3 of the Carl D. Perkins Career and Technical*
 12 *Education Act of 2006 (20 U.S.C. 2302).*

13 (2) *COMMUNITY COLLEGE.*—*The term “commu-*
 14 *nity college” means a public institution of higher edu-*
 15 *cation at which the highest degree that is predomi-*
 16 *nantly awarded to students is an associate’s degree.*

17 (3) *ELIGIBLE ENTITY.*—*The term “eligible enti-*
 18 *ty” means—*

19 (A) *a community college or community col-*
 20 *lege district;*

21 (B) *an area career and technical education*
 22 *school;*

23 (C) *a public four-year institution of higher*
 24 *education that—*

25 (i) *offers two-year degrees;*

1 (ii) will use funds provided under this
2 section for activities at the certificate and
3 associate degree levels; and

4 (iii) is not reasonably close, as deter-
5 mined by the Secretary, to a community
6 college;

7 (D) a public four-year institution of higher
8 education that is in partnership with an eligible
9 entity described in subparagraph (A), (B), or
10 (C);

11 (E) a State that—

12 (i) is in compliance with section 137 of
13 the Higher Education Act of 1965 (20
14 U.S.C. 1015f);

15 (ii) has an articulation agreement pur-
16 suant to section 486A of such Act (20
17 U.S.C. 1093a); and

18 (iii) is in partnership with an eligible
19 entity described in subparagraph (A), (B),
20 (C), or (D); or

21 (F) a consortium of at least 2 entities de-
22 scribed in subparagraphs (A) through (E).

23 (4) *INDUSTRY OR SECTOR PARTNERSHIP.*—The
24 term “industry or sector partnership” has the mean-

1 *ing given such term in section 782(f) of the Higher*
2 *Education Act of 1965.*

3 (5) *INSTITUTION OF HIGHER EDUCATION.*—*The*
4 *term “institution of higher education” has the mean-*
5 *ing given such term in section 101 of the Higher Edu-*
6 *cation Act of 1965 (20 U.S.C. 1001).*

7 (6) *PHILANTHROPIC ORGANIZATION.*—*The term*
8 *“philanthropic organization” has the meaning given*
9 *such term in section 781(i) of the Higher Education*
10 *Act of 1965 (20 U.S.C. 1141(i)).*

11 (7) *SECRETARY.*—*The term “Secretary” means*
12 *the Secretary of Education.*

13 (8) *STATE.*—*The term “State” has the meaning*
14 *given such term in section 103 of the Higher Edu-*
15 *cation Act of 1965 (20 U.S.C. 1003).*

16 (9) *STATE PUBLIC EMPLOYMENT SERVICE.*—*The*
17 *term “State public employment service” refers to a*
18 *State public employment service established under the*
19 *Wagner-Peyser Act (29 U.S.C. 49 et seq.).*

20 (10) *STATE WORKFORCE INVESTMENT BOARD;*
21 *LOCAL WORKFORCE INVESTMENT BOARD.*—*The terms*
22 *“State workforce investment board” and “local work-*
23 *force investment board” refer to a State workforce in-*
24 *vestment board established under section 111 of the*
25 *Workforce Investment Act (29 U.S.C. 2821) and a*

(b) *GRANT PRIORITY.*—In addition to any grant priorities established under any other provision of this title, the Secretary, in awarding grants under this title, shall give priority to applications focused on serving low-income, nontraditional students who do not have a bachelor’s degree, and who have one or more of the following characteristics:

19 (6) *Are out-of-school youth without a high school*
20 *diploma.*

24 (1) GRANTS AUTHORIZED.—

1 (A) *IN GENERAL.*—Subject to paragraph
 2 (2), from the amount appropriated to carry out
 3 this section, the Secretary, in coordination with
 4 the Secretary of Labor, shall award grants to eli-
 5 gible entities, on a competitive basis, to establish
 6 and support programs described in subpara-
 7 graph (B) at eligible entities described in sub-
 8 paragraphs (A) through (D) of section 502(a)(3).

9 (B) *PROGRAMS.*—The programs to be estab-
 10 lished and supported with grants under subpara-
 11 graph (A) (and carried out through activities de-
 12 scribed in subsection (f)) shall be programs—

13 (i) that are—

14 (I) innovative programs; or

15 (II) programs of demonstrated ef-
 16 fectiveness, based on the evaluations of
 17 similar programs funded by the De-
 18 partment of Education or the Depart-
 19 ment of Labor, or other research of
 20 similar programs; and

21 (ii) that lead to the completion of a
 22 postsecondary degree, certificate, or indus-
 23 try-recognized credential leading to a skilled
 24 occupation in a high-demand industry.

1 (2) *LIMITATION.*—*For each fiscal year for which*
2 *funds are appropriated to carry out this section, the*
3 *aggregate amount of the grants awarded to eligible*
4 *entities that are States, or consortia that include a*
5 *State, shall be not more than 50 percent of the total*
6 *amount appropriated under section 501(b)(1) for such*
7 *fiscal year.*

8 (3) *PROHIBITION.*—*The Secretary shall not*
9 *award a grant to an eligible entity for the same ac-*
10 *tivities that are being supported by other Federal*
11 *funds.*

12 (b) *GRANT DURATION AND AMOUNT.*—

13 (1) *DURATION.*—*A grant under this section shall*
14 *be awarded to an eligible entity for a 4-year period,*
15 *except that if the Secretary determines that the eligi-*
16 *ble entity has not made demonstrable progress in*
17 *achieving the benchmarks developed pursuant to sub-*
18 *section (g) by the end of the third year of such grant*
19 *period, no further grant funds shall be made available*
20 *to the entity after the date of such determination.*

21 (2) *AMOUNT.*—*The minimum amount of a total*
22 *grant award under this section over the 4-year period*
23 *of the award shall be \$750,000.*

24 (c) *PRIORITY.*—*In awarding grants under this section,*
25 *the Secretary shall give priority to eligible entities that—*

1 (1) *enter into partnerships with—*

2 (A) *philanthropic or research organizations*
3 *with expertise in meeting the goals of this sec-*
4 *tion;*

5 (B) *businesses or industry or sector partner-*
6 *ships that—*

7 (i) *design and implement programs de-*
8 *scribed in subsection (a)(1)(B);*

9 (ii) *pay a portion of the costs of such*
10 *programs; and*

11 (iii) *agree to collaborate with one or*
12 *more eligible entities to hire individuals*
13 *who have completed a particular postsec-*
14 *ondary degree, certificate, or credential pro-*
15 *gram; or*

16 (C) *labor organizations that provide tech-*
17 *nical expertise for occupationally specific edu-*
18 *cation necessary for an industry-recognized cre-*
19 *dential leading to a skilled occupation in a high-*
20 *demand industry; or*

21 (2) *are institutions of higher education eligible*
22 *for assistance under title III or V of the Higher Edu-*
23 *cation Act of 1965, or consortia that include such an*
24 *institution.*

1 (d) *FEDERAL AND NON-FEDERAL SHARE; SUPPLE-*
 2 *MENT, NOT SUPPLANT.*—

3 (1) *FEDERAL SHARE.*—*The amount of the Fed-*
 4 *eral share under this section for a fiscal year shall be*
 5 *not greater than 1/2 of the costs of the programs, serv-*
 6 *ices, and policies described in subsection (f) that are*
 7 *carried out under the grant.*

8 (2) *NON-FEDERAL SHARE.*—

9 (A) *IN GENERAL.*—*The amount of the non-*
 10 *Federal share under this section for a fiscal year*
 11 *shall be not less than 1/2 of the costs of the pro-*
 12 *grams, services, and policies described in sub-*
 13 *section (f) that are carried out under the grant.*
 14 *The non-Federal share may be in cash or in*
 15 *kind, and may be provided from State resources,*
 16 *local resources, contributions from private orga-*
 17 *nizations, or a combination thereof.*

18 (B) *FINANCIAL HARDSHIP WAIVER.*—*The*
 19 *Secretary may waive or reduce the non-Federal*
 20 *share of an eligible entity that has submitted an*
 21 *application under this section if the entity dem-*
 22 *onstrates a need for such waiver or reduction due*
 23 *to extreme financial hardship, as defined by the*
 24 *Secretary by regulation.*

1 (3) *SUPPLEMENT, NOT SUPPLANT.*—*The Federal*
2 *and non-Federal shares required by this section shall*
3 *be used to supplement, and not supplant, State and*
4 *private resources that would otherwise be expended to*
5 *establish and support programs described in sub-*
6 *section (a)(1)(B) at eligible entities.*

7 (e) *APPLICATION.*—*An eligible entity seeking to receive*
8 *a grant under this section shall submit to the Secretary an*
9 *application at such time, in such manner, and containing*
10 *such information as the Secretary may require. Such appli-*
11 *cation shall describe the programs under subsection*
12 *(a)(1)(B) that the eligible entity will carry out using the*
13 *grant funds, (including the programs, services, and policies*
14 *under subsection (f)), including—*

15 (1) *the goals of such programs, services, and*
16 *policies;*

17 (2) *how the eligible entity will allocate grant*
18 *funds for such programs, services, and policies;*

19 (3) *how such programs, services, and policies,*
20 *and the resources of the eligible entity, will enable the*
21 *eligible entity to meet the benchmarks developed pur-*
22 *suant to subsection (g), and how the eligible entity*
23 *will track and report the entity's progress in reaching*
24 *such benchmarks;*

1 (4) *how the eligible entity will use such pro-*
2 *grams, services, and policies to establish quantifiable*
3 *targets for improving graduation rates and employ-*
4 *ment-related outcomes;*

5 (5) *how the eligible entity will serve high-need*
6 *populations through such programs, services, and*
7 *policies;*

8 (6) *how the eligible entity will partner with in-*
9 *dustry or sector partnerships in the State, the State*
10 *public employment service, and State or local work-*
11 *force investment boards in carrying out such pro-*
12 *grams, services, and policies;*

13 (7) *an assurance that the eligible entity will*
14 *share information with the Learning and Earning*
15 *Research Center established under section 505(b), once*
16 *such Center is established;*

17 (8) *an assurance that the eligible entity will par-*
18 *ticipate in the evaluation of such programs, services,*
19 *and policies under subsection (i); and*

20 (9) *the potential for such programs, services, and*
21 *policies to be replicated at other institutions of higher*
22 *education.*

23 (f) *USES OF FUNDS.—An eligible entity receiving a*
24 *grant under this section shall use the grant funds to carry*

1 out the programs described in subsection (a)(1)(B), which
2 shall include at least 2 of the following activities:

3 (1) Developing and implementing policies and
4 programs to expand opportunities for students at eli-
5 gible entities described in subparagraphs (A) through
6 (D) of section 502(a)(3) to earn bachelor's degrees
7 by—

8 (A) facilitating the transfer of academic
9 credits between institutions of higher education,
10 including the transfer of academic credits for
11 courses in the same field of study; and

12 (B) expanding articulation agreements and
13 guaranteed transfer agreements between such in-
14 stitutions, including through common course
15 numbering and general core curriculum.

16 (2) Expanding, enhancing, or creating academic
17 programs or training programs, which shall be car-
18 ried out with industry or sector partnerships or in
19 partnership with employers and may include other
20 relevant partners, that provide relevant job-skill
21 training (including apprenticeships and worksite
22 learning and training opportunities) for skilled occu-
23 pations in high-demand industries.

24 (3) Providing student support services, includ-
25 ing—

1 (A) intensive career and academic advising;

2 (B) labor market information and job coun-
3 seling; and

4 (C) transitional job support, supportive
5 services, or assistance in connecting students
6 with community resources.

7 (4) Creating workforce programs that provide a
8 sequence of education and occupational training that
9 leads to industry-recognized credentials, including
10 programs that—

11 (A) blend basic skills and occupational
12 training that lead to industry-recognized creden-
13 tials;

14 (B) integrate developmental education cur-
15 ricula and instruction with for-credit coursework
16 toward degree or certificate pathways; or

17 (C) advance individuals on a career path
18 toward high-wage occupations in high-demand
19 industries.

20 (5) Building or enhancing linkages, including
21 the development of dual enrollment programs and
22 early college high schools, between—

23 (A) secondary education or adult education
24 programs (including programs established under
25 the Carl D. Perkins Career and Technical Edu-

1 *cation Act of 2006 and title II of the Workforce*
2 *Investment Act of 1998 (29 U.S.C. 9201 et seq.);*
3 *and*

4 *(B) eligible entities described in subpara-*
5 *graphs (A) through (D) of section 502(a)(3).*

6 *(6) Implementing other innovative programs,*
7 *services, and policies designed to—*

8 *(A) increase postsecondary degree, certifi-*
9 *cate, and industry-recognized credential comple-*
10 *tion rates, particularly with respect to groups*
11 *underrepresented in higher education, at eligible*
12 *entities described in subparagraphs (A) through*
13 *(D) of section 502(a)(3); and*

14 *(B) increase the provision of training for*
15 *students to enter skilled occupations in high-de-*
16 *mand industries.*

17 *(7) Improving the timeliness of the process for*
18 *creating degree, certificate, and industry-recognized*
19 *credential programs at eligible entities described in*
20 *subparagraphs (A) through (D) of section 502(a)(3)*
21 *that—*

22 *(A) reflect and respond to regional labor*
23 *market developments and trends;*

24 *(B) effectively address the workforce needs of*
25 *employers in the State; and*

1 (C) are designed in consultation with such
2 employers.

3 (g) *BENCHMARKS.*—

4 (1) *IN GENERAL.*—Each eligible entity receiving
5 a grant under this section shall develop quantifiable
6 benchmarks on the following indicators (where appli-
7 cable), to be approved by the Secretary:

8 (A) *Closing gaps in enrollment and comple-*
9 *tion rates for—*

10 (i) *groups underrepresented in higher*
11 *education; and*

12 (ii) *groups of students enrolled at the*
13 *eligible entity (or at an institution of higher*
14 *education under the jurisdiction of the eligi-*
15 *ble entity, in the case of an entity that is*
16 *not an institution) who have the lowest en-*
17 *rollment and completion rates.*

18 (B) *Addressing local and regional workforce*
19 *needs.*

20 (C) *Establishing articulation agreements be-*
21 *tween two-year and four-year public institutions*
22 *of higher education within a State.*

23 (D) *Improving comprehensive employment*
24 *and educational outcomes for postsecondary edu-*
25 *cation and training programs, including—*

1 (i) *student persistence from one aca-*
 2 *demic year to the following academic year;*

3 (ii) *the number of credits students earn*
 4 *toward a certificate or an associate's degree;*

5 (iii) *the number of students in develop-*
 6 *mental education courses who subsequently*
 7 *enroll in credit bearing coursework;*

8 (iv) *transfer of general education cred-*
 9 *its between institutions of higher education,*
 10 *as applicable;*

11 (v) *completion of industry-recognized*
 12 *credentials or associate's degrees to work in*
 13 *skilled occupations in high-demand indus-*
 14 *tries;*

15 (vi) *transfers to four-year institutions*
 16 *of higher education; and*

17 (vii) *job placement related to skills*
 18 *training or associate's degree completion.*

19 (2) *REPORT.—The eligible entity receiving such*
 20 *a grant shall annually measure and report to the Sec-*
 21 *retary the progress of the entity in achieving the*
 22 *benchmarks developed pursuant to paragraph (1).*

23 (h) *PROVISION OF TRANSFER OF CREDIT INFORMA-*
 24 *TION IN COMMUNITY COLLEGE COURSE SCHEDULES.—To*
 25 *the maximum extent practicable, each community college*

1 receiving a grant under this section shall include in each
 2 electronic and printed publication of the college's course
 3 schedule, in a manner of the college's choosing, for each
 4 course listed in the college's course schedule, whether such
 5 course is transferable for credit toward the completion of
 6 a 4-year baccalaureate degree at a public institution of
 7 higher education in the State in which the college is located.

8 (i) *EVALUATION.*—The Secretary shall allocate not
 9 more than two percent of the funds appropriated under sec-
 10 tion 501(b)(1) to the Institute of Education Sciences to con-
 11 duct evaluations, ending not later than January 30, 2014,
 12 that—

13 (1) assess the effectiveness of the grant programs
 14 carried out by each eligible entity receiving such a
 15 grant in—

16 (A) improving postsecondary education
 17 completion rates (disaggregated by age, race, eth-
 18 nicity, sex, income, and disability);

19 (B) improving employment-related outcomes
 20 for students served by such programs;

21 (C) serving high-need populations; and

22 (D) building or enhancing working partner-
 23 ships with the State public employment service
 24 or State or local workforce investment boards;
 25 and

1 (2) *include any other information or assessments*
 2 *the Secretary may require.*

3 (j) *REPORT.*—*The Secretary shall submit to the Com-*
 4 *mittee on Health, Education, Labor, and Pensions of the*
 5 *Senate and the Committee on Education and Labor of the*
 6 *House of Representatives an annual report on grants*
 7 *awarded under this section, including—*

8 (1) *the amount awarded to each eligible entity*
 9 *under this section;*

10 (2) *a description of the activities conducted by*
 11 *each eligible entity receiving a grant under this sec-*
 12 *tion; and*

13 (3) *a summary of the results of the evaluations*
 14 *submitted to the Secretary under subsection (i) and*
 15 *the progress each eligible entity made toward achiev-*
 16 *ing the benchmarks developed under subsection (g).*

17 **SEC. 504. GRANTS TO ELIGIBLE STATES FOR COMMUNITY**
 18 **COLLEGE PROGRAMS.**

19 (a) *PROGRAM AUTHORIZATION.*—*From the amount*
 20 *appropriated to carry out this section, the Secretary, in co-*
 21 *ordination with the Secretary of Labor, shall award grants*
 22 *to eligible States, on a competitive basis, to implement the*
 23 *systematic reform of community colleges located in the State*
 24 *by carrying out programs, services, and policies that dem-*

1 onstrated effectiveness under the evaluation described in sec-
2 tion 503(i).

3 (b) *ELIGIBLE STATE*.—In this section, the term “*eligi-*
4 *ble State*” means a State that demonstrates to the Secretary
5 in the application submitted pursuant to subsection (e) that
6 the State—

7 (1) has a plan under section 782 of the Higher
8 Education Act of 1965 to increase the State’s rate of
9 persistence in and completion of postsecondary edu-
10 cation that takes into consideration and involves com-
11 munity colleges located in such State;

12 (2) has a statewide longitudinal data system
13 that includes data with respect to community colleges;

14 (3) has an articulation agreement pursuant to
15 section 486A of the Higher Education Act of 1965 (20
16 U.S.C. 1093a);

17 (4) is in compliance with section 137 of such Act
18 (20 U.S.C. 1015f); and

19 (5) meets any other requirements the Secretary
20 may require.

21 (c) *GRANT DURATION; RENEWAL*.—A grant awarded
22 under this section shall be awarded to an eligible State for
23 a 6-year period, except that if the Secretary determines that
24 the eligible State has not made demonstrable progress in
25 achieving the benchmarks developed pursuant to subsection

1 (g) by the end of the third year of the grant period, no fur-
 2 ther grant funds shall be made available to the entity after
 3 the date of such determination.

4 (d) *FEDERAL AND NON-FEDERAL SHARE; SUPPLE-*
 5 *MENT, NOT SUPPLANT.*—

6 (1) *FEDERAL SHARE.*—*The amount of the Fed-*
 7 *eral share under this section for a fiscal year shall be*
 8 *not greater than 1/2 of the costs of the reform described*
 9 *in subsection (f) that is carried out with the grant.*

10 (2) *NON-FEDERAL SHARE.*—

11 (A) *IN GENERAL.*—*The amount of the Non-*
 12 *Federal share under this section for a fiscal year*
 13 *shall be not less than 1/2 of the costs of the reform*
 14 *described in subsection (f) that is carried out*
 15 *with the grant. The non-Federal share may be in*
 16 *cash or in kind, and may be provided from State*
 17 *resources, local resources, contributions from pri-*
 18 *ivate organizations, or a combination thereof.*

19 (B) *FINANCIAL HARDSHIP WAIVER.*—*The*
 20 *Secretary may waive or reduce the non-Federal*
 21 *share of an eligible State that has submitted an*
 22 *application under this section if the State dem-*
 23 *onstrates a need for such waiver or reduction due*
 24 *to extreme financial hardship, as defined by the*
 25 *Secretary by regulation.*

1 (3) *SUPPLEMENT, NOT SUPPLANT.*—*The Federal*
2 *and non-Federal share required by this section shall*
3 *be used to supplement, and not supplant, State and*
4 *private resources that would otherwise be expended to*
5 *carry out the systematic reform of community colleges*
6 *in a State.*

7 (e) *APPLICATION.*—*An eligible State desiring to receive*
8 *a grant under this section shall submit to the Secretary an*
9 *application at such time, in such manner, and containing*
10 *such information as the Secretary may require. Such appli-*
11 *cation shall describe the programs, service, and policies to*
12 *be used by the State to achieve the systematic reform de-*
13 *scribed in subsection (f), including—*

14 (1) *the goals of such programs, services, and*
15 *policies;*

16 (2) *how the State will allocate grant funds to*
17 *carry out such programs, services, and policies, in-*
18 *cluding identifying any State or private entity that*
19 *will administer such programs, services, and policies;*

20 (3) *how such programs, services, and policies*
21 *will enable the State to—*

22 (A) *meet the benchmarks developed pursu-*
23 *ant to subsection (g), and how the State will*
24 *track and report the State's progress in reaching*
25 *such benchmarks; and*

1 (B) benefit students attending all commu-
 2 nity colleges within the State;

3 (4) how the State will use such programs, serv-
 4 ices, and policies to establish quantifiable targets for
 5 improving graduation rates and employment-related
 6 outcomes;

7 (5) how the State will serve high-need popu-
 8 lations through such programs, services, and policies;

9 (6) how the State will partner with the State
 10 public employment service and State or local work-
 11 force investment boards in carrying out such pro-
 12 grams, services, and policies;

13 (7) how the State will evaluate such programs,
 14 services, and policies, which may include participa-
 15 tion in national evaluations; and

16 (8) how the State will involve community col-
 17 leges and community college faculty in the planning,
 18 implementation, and evaluation of such programs,
 19 services, and policies.

20 (f) *USES OF FUNDS.*—An eligible State receiving a
 21 grant under this section shall use the grant funds to imple-
 22 ment the systematic reform of community colleges located
 23 in the State by carrying out programs, services, and poli-
 24 cies that the Secretary has determined to have demonstrated
 25 effectiveness based on the results of the evaluation described

1 *in section 503(i). States shall allocate not less than 90 per-*
2 *cent of such grant funds to community colleges within the*
3 *State.*

4 *(g) BENCHMARKS.—*

5 *(1) IN GENERAL.—Each eligible State receiving*
6 *a grant under this section shall, in consultation with*
7 *the Secretary, develop quantifiable benchmarks on the*
8 *indicators identified in section 503(f)(1).*

9 *(2) PROGRESS.—An eligible State receiving such*
10 *a grant shall annually measure and report to the Sec-*
11 *retary progress in achieving the benchmarks developed*
12 *pursuant to paragraph (1).*

13 *(h) REPORT.—*

14 *(1) REPORTS TO THE SECRETARY.—Each eligible*
15 *State receiving a grant under this section shall annu-*
16 *ally submit to the Secretary and the Secretary of*
17 *Labor a report on such grant, including—*

18 *(A) a description of the systematic reform*
19 *carried out by the State using such grant; and*

20 *(B) the outcome of such reform, including*
21 *the State's progress in achieving the benchmarks*
22 *developed under subsection (g).*

23 *(2) REPORTS TO CONGRESS.—Not later than 6*
24 *months after the end of the grant period, the Sec-*
25 *retary shall submit to the Committee on Health, Edu-*

1 *cation, Labor, and Pensions of the Senate and the*
2 *Committee on Education and Labor of the House of*
3 *Representatives a summary of the reports submitted*
4 *under paragraph (1) with respect to such grant pe-*
5 *riod.*

6 *(i) SENSE OF CONGRESS.—It is the sense of Congress*
7 *that—*

8 *(1) community colleges play an important role*
9 *in preparing and training students seeking to enter*
10 *the workforce;*

11 *(2) it is vital that all States have access to the*
12 *resources and assistance needed to compete for grants*
13 *authorized under this section; and*

14 *(3) in executing the grant program authorized*
15 *under this section, the Secretary will make available*
16 *any and all assistance, guidance, and support to*
17 *States seeking to compete for grants authorized under*
18 *this section and will work to ensure that such grants*
19 *are distributed in a fair and equitable manner.*

20 **SEC. 505. NATIONAL ACTIVITIES.**

21 *(a) OPEN ONLINE EDUCATION.—From the amount ap-*
22 *propriated to carry out this section, the Secretary is author-*
23 *ized to make competitive grants to, or enter into contracts*
24 *with, institutions of higher education, philanthropic orga-*
25 *nizations, and other appropriate entities to develop, evalu-*

1 *ate, and disseminate freely-available high-quality online*
 2 *training, high school courses, and postsecondary education*
 3 *courses. Entities receiving funds under this subsection shall*
 4 *ensure that electronic and information technology activities*
 5 *meet the access standards established under section 508 of*
 6 *the Rehabilitation Act of 1973 (29 U.S.C. 794d).*

7 *(b) LEARNING AND EARNING RESEARCH CENTER.—*

8 *(1) IN GENERAL.—From the amount appro-*
 9 *priated to carry out this section, the Director of the*
 10 *Institute of Education Sciences is authorized to*
 11 *award a grant to, or enter into a contract with, an*
 12 *organization with demonstrated expertise in the re-*
 13 *search and evaluation of community colleges to estab-*
 14 *lish and operate the Learning and Earning Research*
 15 *Center (in this section referred to as the “Center”).*

16 *(2) GRANT TERM.—The grant or contract award-*
 17 *ed under this section shall be awarded for a period*
 18 *of not more than 4 years.*

19 *(3) BOARD.—The Center shall have an inde-*
 20 *pendent advisory board of 9 individuals who—*

21 *(A) are appointed by the Secretary, based*
 22 *on recommendations from the organization re-*
 23 *ceiving the grant or contract under this section;*
 24 *and*

25 *(B) who have demonstrated expertise in—*

- 1 (i) data collection;
- 2 (ii) data analysis; and
- 3 (iii) econometrics, postsecondary edu-
- 4 cation, and workforce development research.

5 (4) *CENTER ACTIVITIES.*—*The Center shall—*

6 (A) *develop—*

- 7 (i) *peer-reviewed metrics to help con-*
- 8 *sumers make sound education and training*
- 9 *choices, and to help students, workers,*
- 10 *schools, businesses, researchers, and policy-*
- 11 *makers assess the effectiveness of community*
- 12 *colleges, and courses of study at such col-*
- 13 *leges, in meeting education and employment*
- 14 *objectives and serving groups that are*
- 15 *underrepresented in postsecondary edu-*
- 16 *cation;*

- 17 (ii) *common metrics and data elements*
- 18 *to measure the education and employment*
- 19 *outcomes of students attending community*
- 20 *colleges;*

21 (B) *coordinate with the Institute of Edu-*

22 *cation Sciences and States receiving a grant*

23 *under subsection (c) to develop—*

- 24 (i) *standardized data elements, defini-*
- 25 *tions, and data-sharing protocols to make it*

possible for data systems related to postsecondary education to be linked and interoperable, and for best practices to be shared among States;

(ii) standards and processes for facilitating sharing of data in a manner that safeguards student privacy; and

(C) develop and make widely available materials analyzing best practices and research on successful postsecondary education and training efforts;

(D) make the data and metrics developed pursuant to subparagraph (A) available to the public in a transparent, user-friendly format that is accessible to individuals with disabilities; and

(E) consult with representatives from States with respect to the activities of the Center.

(c) *STATE SYSTEMS.*—

(1) *IN GENERAL.*—From the amount appropriated to carry out this section, the Secretary is authorized to award grants to States or consortia of States to establish cooperative agreements to develop, implement, and expand interoperable statewide longitudinal data systems that—

1 (A) collect, maintain, disaggregate (by in-
2 stitution, income, race, ethnicity, sex, disability,
3 and age), and analyze student data from com-
4 munity colleges, including data on the programs
5 of study and education and employment out-
6 comes for particular students, tracked over time;
7 and

8 (B) can be linked to other data systems, as
9 applicable, including elementary and secondary
10 education and workforce data systems.

11 (2) *SUPPLEMENT, NOT SUPPLANT.*—Funds ap-
12 propriated to carry out this subsection shall be used
13 to supplement, and not supplant, other Federal and
14 State resources that would otherwise be expended to
15 carry out statewide longitudinal data systems, includ-
16 ing funding appropriated for State Longitudinal
17 Data Systems in the American Recovery and Rein-
18 vestment Act of 2009 (Public Law 111–5; 123 Stat.
19 115).

20 (3) *PRIVACY AND ACCESS TO DATA.*—

21 (A) *IN GENERAL.*—Each State or consortia
22 that receives a grant under this subsection or
23 any other provision of this Act shall implement
24 measures to—

1 (i) ensure that the statewide longitu-
2 dinal data system under this subsection and
3 any other data system the State or con-
4 sortia is operating for the purposes of this
5 Act meet the requirements of section 444 of
6 the General Education Provisions Act (20
7 U.S.C. 1232g) (commonly known as the
8 “Family Educational Rights and Privacy
9 Act of 1974”);

10 (ii) limit the use of information in any
11 such data system by governmental agencies
12 in the State, including State agencies, State
13 educational authorities, local educational
14 agencies, community colleges, and institu-
15 tions of higher education, to education and
16 workforce related activities under this Act
17 or education and workforce related activi-
18 ties otherwise permitted by Federal or State
19 law;

20 (iii) prohibit the disclosure of person-
21 ally identifiable information except as per-
22 mitted under section 444 of the General
23 Education Provisions Act and any addi-
24 tional limitations set forth in State law;

1 (iv) keep an accurate accounting of the
2 date, nature, and purpose of each disclosure
3 of personally identifiable information in
4 any such data system, a description of the
5 information disclosed, and the name and
6 address of the person, agency, institution, or
7 entity to whom the disclosure is made,
8 which accounting shall be made available
9 on request to parents of any student whose
10 information has been disclosed;

11 (v) notwithstanding section 444 of the
12 General Education Provisions Act, require
13 any non-governmental party obtaining per-
14 sonally identifiable information to sign a
15 data use agreement prior to disclosure
16 that—

17 (I) prohibits the party from fur-
18 ther disclosing the information;

19 (II) prohibits the party from
20 using the information for any purpose
21 other than the purpose specified in the
22 agreement; and

23 (III) requires the party to destroy
24 the information when the purpose for

1 *which the disclosure was made is ac-*
2 *complished;*

3 *(vi) maintain adequate security meas-*
4 *ures to ensure the confidentiality and integ-*
5 *egrity of any such data system, such as pro-*
6 *tecting a student record from identification*
7 *by a unique identifier;*

8 *(vii) where rights are provided to par-*
9 *ents under this clause, provide those rights*
10 *to the student instead of the parent if the*
11 *student has reached the age of 18 or is en-*
12 *rolled in a postsecondary educational insti-*
13 *tution; and*

14 *(viii) ensure adequate enforcement of*
15 *the requirements of this paragraph.*

16 *(B) USE OF UNIQUE IDENTIFIERS.—It shall*
17 *be unlawful for any Federal, State, or local gov-*
18 *ernmental agency to—*

19 *(i) use the unique identifiers employed*
20 *in such data systems for any purpose other*
21 *than as authorized by Federal or State law;*
22 *or*

23 *(ii) deny any individual any right,*
24 *benefit, or privilege provided by law because*

1 *of such individual's refusal to disclose the*
2 *individual's unique identifier.*

3 (d) *REPORT.—The Secretary shall submit to the Com-*
4 *mittee on Health, Education, Labor, and Pensions of the*
5 *Senate and the Committee on Education and Labor of the*
6 *House of Representatives an annual report on the amounts*
7 *awarded to entities receiving grants or contracts under this*
8 *section, and the activities carried out by such entities under*
9 *such grants and contracts.*

Union Calendar No. 129

11TH CONGRESS
1ST Session

H. R. 3221

[Report No. 111-232]

A BILL

To amend the Higher Education Act of 1965, and
for other purposes.

JULY 27, 2009

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed